

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

SOUTHERN DEVELOPMENT
BANCORPORATION, INC.

ORDER PROVIDING A
TRANSACTIONAL EXEMPTION
FROM REGISTRATION

ORDER NO. 01-048-S

FINDINGS OF FACT

On November 26, 2001, the Arkansas Securities Commissioner received a letter dated November 21, 2001 requesting that a transaction be determined to be an exempt transaction pursuant to Ark. Code Ann. §23-42-504(a)(12).

1. Southern Development Statutory Trust I is being formed as a Connecticut Statutory Trust (the "Trust") which will issue floating rate capital securities to an investor and floating rate common securities to Southern Development Bancorporation, Inc. (the "Company"). The Company will in turn issue floating rate subordinated debentures to the Trust and the company will deliver a Guarantee Agreement for the benefit of the floating rate capital securities (collectively referred to as the "Transaction").
2. The Company is a Delaware corporation formed for the purpose of engaging in activities which foster economic development in economically disadvantaged rural and other less developed communities. The Company is a registered bank holding company under the Bank Holding Company Act of 1956, as amended.

3. All parties to the Transaction are represented by counsel. An exemption from registration is being requested pursuant to the Commissioner's discretionary authority under Ark. Code Ann. §32-42-504(a)(12).
4. The investor will represent and warrant that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the capital securities and is aware that it may be required to bear the economic risk of the investment in the capital securities.
5. Based on the foregoing, the Transaction does not involve the type of investor the Arkansas Securities Act (the "Act") is designed to protect by requiring registration.

CONCLUSIONS OF LAW

1. Under §23-42-504(a)(12) of the Act, the Commissioner may be order exempt certain transactions from §§23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.
2. It is not necessary or appropriate in the public interest for the protection of investors for the parties to be required to register the Transaction under the Act.
3. It is not necessary or appropriate in the public interest for the protection of investors for the parties to be required to engage the services of a registered agent for the purpose of making offers and sales of the securities involved in the Transaction.

OPINION

In recognition of the representations made in the letter dated November 21, 2001, it appears registration of the securities is unnecessary in this instance.

This Order does not exempt the parties from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that any securities offered or sold in connection with the Southern Development Bancorporation, Inc. transaction, if offered and sold in compliance with the representations made in the letter date November 21, 2001, and in accordance with the Findings of Fact stated herein, shall be exempted from §§23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 3rd day of December, 2001.



MAC DODSON
ARKANSAS SECURITIES COMMISSIONER