

AGREEMENT BY AND BETWEEN
First National Bank, Julesburg, Colorado
and
The Comptroller of the Currency

The First National Bank of Julesburg, Colorado (the “Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has determined that the Bank’s Consumer Compliance and Bank Secrecy Act Compliance Programs fail to comply with safe and sound banking practices.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Denver Field Office
1225 17th Street, Suite 450
Denver, Colorado 80202

Article II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than two (2) shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within ninety (90) days of the date of this Agreement and after every calendar quarter thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the action needed to achieve full compliance with each Article of this Agreement;

- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

Article III

BANK SECRECY ACT PROGRAM

(1) To provide for compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control ("OFAC") (collectively referred to as the "Bank Secrecy Act" or "BSA"), the Board shall perform, within thirty (30) days of the date of this Agreement, a comprehensive BSA risk assessment, to include at a minimum:

- (a) identification of the risks associated with the Bank's products, services, customers, and geographies served; and
- (b) an evaluation of its existing internal controls to determine the need for enhanced controls to mitigate the identified risks.

(2) Within sixty (60) days of the date of this Agreement,, the Bank shall revise, adopt, implement and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliance with the BSA to include consideration of:

- (a) the findings of the BSA risk assessment;

- (b) the deficiencies identified in the Report of Examination performed as of May 31, 2006 and using loan information as of May 15, 2006 (the “ROE”), any subsequent OCC reviews, and any internal or outsourced audits;
- (c) the requirements of 12 C.F.R. § 21.21; and
- (d) the requirements of this Agreement relating to Compliance Staff, Training, Internal Controls, and Audit.

Article IV

BSA TRAINING

(1) Within sixty (60) days of the date of this Agreement, the BSA Program shall include a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their specific assigned responsibilities for compliance with the requirements of the BSA. The program must include advanced training for supervisory personnel including the BSA Officer, Internal Auditor, and senior management.

(2) This training program shall include, at a minimum, strategies for: mandatory attendance, frequency of training, procedures and timing for updating training programs and materials, and methods for delivering training.

Article V

BSA INTERNAL CONTROLS

(1) Within sixty (60) days of the date of this Agreement, the BSA Program shall include policies and procedures for the appropriate identification and monitoring of

transactions that pose greater than normal risk for compliance with the BSA, to include at a minimum:

- (a) the creation of an accurate list of customers or accounts exhibiting high risk characteristics for money laundering, terrorist financing, or other illicit activity;
- (b) enhanced policies and procedures for recording, maintaining, and recalling information about transactions that pose greater than normal risk for compliance with the BSA;
- (c) well-defined policies and procedures for investigating and resolving transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (d) adequate controls and procedures to ensure that all suspicious and large currency transactions are identified and reported;
- (e) procedures to maintain records on monetary instrument transactions and funds transfers, as required by the BSA; and
- (f) a method for introducing new products and services that ensures that the policies and procedures governing new products and services are consistent with the Bank's program for compliance with the BSA.

(2) The BSA Program shall include policies and procedures to provide for the Bank's monitoring of suspicious cash, monetary instruments, wire transfers, and other activities for all types of transactions, accounts, customers, products, services, and geographic areas, to include at a minimum:

- (a) reviews of cash purchases of monetary instruments;
- (b) periodic analysis of aggregate cash, monetary instrument, and wire activity;
- (c) periodic analysis of Currency Transaction Report filings;
- (d) automatic reviews of accounts or customers for which the Bank has received criminal subpoenas that may involve the BSA;
- (e) reviews of high risk transactions, accounts, customers, products, services, and geographic areas; and
- (f) timely submission of complete and accurate SARs based on these reviews and analyses.

(3) The BSA Program shall include policies and procedures for expanded account-opening procedures for all accounts that pose greater than normal risk for compliance with the Bank Secrecy Act by requiring:

- (a) identification of all account owners and beneficial owners in compliance with 31 C.F.R. § 103.121;
- (b) identification of the officers, directors, major shareholders or partners, as applicable;
- (c) documentation of the following information for all deposit account customers:
 - (i) any relevant financial information concerning the customer;
 - (ii) the type of business conducted by the customer;
 - (iii) the customer's source of income or wealth; and

(iv) any other due diligence required by this Order, the BSA Officer or the Bank.

(4) The Bank shall establish a policy to address instances for not opening an account, allowing the use of an account while verifying a customer's identity or other risks, closing an account, and filing SARs if the Bank does not receive the information required by Paragraph (3) of this Article by the date the information is due, or if the Bank is not able to form a reasonable belief that it knows the true identity of a customer.

(5) The Bank shall establish a policy to address instances of refusing to open an account of a new customer and closing any account of an existing customer if the information available to the Bank indicates that the customer's relationship with the Bank would be detrimental to the reputation of the Bank.

(6) The BSA Program shall include policies and procedures for the maintenance of an integrated, accurate system for all Bank areas to produce periodic reports designed to identify unusual or suspicious activity, including patterns of activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports, to include at a minimum:

- (a) the ability to link related accounts and location of the customers' businesses and residences to evaluate patterns of activity;
- (b) periodic reports covering one day, a number of days, and monthly reports that segregate transactions posing a greater than normal risk for compliance with the BSA;

- (c) periodic reports of all high-risk accounts that are newly-established, renewed or modified, including the following information:
 - (i) the name of the customer;
 - (ii) the officers, directors and major shareholder(s) of any corporate customer and the partners of any partnership customer;
 - (iii) any other accounts maintained by the customer and, as applicable, its officers, directors, major shareholders or partners;
 - (iv) a detailed analysis of the due diligence performed on the customer and, as applicable, its officers, directors, major shareholders or partners;
 - (v) any related accounts of the customer at the Bank;
 - (vi) any action the Bank has taken on the account;
 - (vii) the purpose and balance of the account; and
any unusual activity for each account;
- (d) periodic reports of any type of subpoena received by the Bank and any law enforcement inquiry directed to the Bank and any action taken by the Bank on the affected account; and
- (e) other periodic reports deemed necessary or appropriate by the BSA Officer or the Bank.

(7) The BSA Officer or designee shall periodically review, not less than each calendar year, all account documentation for all high-risk customers and accounts and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business or occupation and the stated purpose of the account.

Article VI

BSA AUDIT

(1) The Board shall ensure continuance of an independent BSA audit, adequate in scope and frequency, and designed to ensure compliance with the BSA in all areas of the Bank.

(2) A copy of the proposed engagement letter shall be submitted to the Assistant Deputy Comptroller. Upon receipt of no supervisory objection to the proposed engagement letter, the Board shall, within thirty (30) days, proceed with the proposed independent BSA audit.

(3) Within sixty (60) days, the Board shall revise, and thereafter ensure Bank adherence to an independent, internal audit program designed to ensure compliance with the BSA in all areas of the Bank, including scope, testing, and documentation sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures;

- (d) perform an appropriate level of testing to support the audit findings;
- (e) ensure adequate audit coverage in all areas; and
- (f) establish an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(4) The Board shall ensure appropriate oversight of the BSA audit function, with particular emphasis on an adequate staffing with respect to both the experience level and the number of individuals employed.

(5) The BSA audit program shall report directly to the Board or a designated committee of the Board (comprised of at least one outside director), which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(6) All audit reports shall be in writing and supported by adequate workpapers, which must be provided to the Bank. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that the Board maintain a written record describing those actions.

Article VII

CONSUMER COMPLIANCE PROGRAM

(3) Within sixty (60) days of the date of this Agreement, the Board shall employ a capable person to serve as a full-time internal Compliance officer who shall be responsible for ensuring the Bank complies with all applicable consumer laws and regulations.

(4) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations. This program shall include at a minimum:

- (a) a written description of the duties and responsibilities of the Compliance officer;
 - (b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
 - (c) timely updates of the written policies and procedures manual to ensure it remains current;
 - (e) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;
 - (f) a comprehensive independent audit program to adequately test for compliance with consumer protection laws, rules and regulations;
 - (g) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
 - (h) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules and regulations;
 - (i) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel;
- and

- (j) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(3) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

Article VIII

REAL ESTATE APPRAISAL PROGRAM

(1) Within sixty (60) days of the date of this Agreement, the Board shall revise, adopt, implement and thereafter ensure Bank adherence to a written program of policies and procedures designed to ensure the Bank obtains appraisals in compliance with USPAP, 12 CFR 34, Advisory Letter 2003-9, and OCC Bulletin 2005-6, to include at a minimum:

- (a) the required use of a standard appraisal form for ordering all appraisals;
- (b) the independent ordering of appraisals;
- (c) the use of Board approved appraisers only;
- (d) the establishment of a policy requiring a meaningful, independent review of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised; and
- (e) the establishment of a tickler system for tracking appraisals ordered, received, returned, and reviewed.

(2) The Board shall submit a copy of the Appraisal Program required by this Article to the Assistant Deputy Comptroller.

Article IX

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory

responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set her hand on behalf of the Comptroller.

/s/

Karen M. Boehler
Assistant Deputy Comptroller
Denver Field Office

10/24/06

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

Bruce Batt

10-24-06

Date

/s/

Jim Carlson

10/24/06

Date

/s/

Jim Kontny

10-24-06

Date

/s/

Thomas H. Olson

10/24/06

Date

/s/

Tom Olson, Jr.

10-24-06

Date

/s/

Gordon Smith

10/24/06

Date