#2007-033

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:	)	
The First National Bank of Stratton	)	AA-WE-07-14
Stratton, Colorado	)	

CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller"), through his National Bank Examiner, has supervisory authority over The First National Bank of Stratton, Stratton, Colorado ("Bank").

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated April 25, 2007, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order") by the Comptroller.

Pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

Article I

APPOINTMENT OF NEW DIRECTORS

(1) Within ninety (90) days of the date of this Order, the Board shall take action to add two additional independent external directors.

(2) Prior to appointing any new director, the Bank must provide the Assistant Deputy Comptroller with written notice as required by 12 C.F.R. § 5.51 (notice forms and instructions in

the “Changes in Directors and Senior Executive Officers” and “Background Investigations” booklets of the Comptroller’s Licensing Manual).

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of any proposed new director. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed director.

(4) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(5) If the Board is unable to identify any qualified director candidates within ninety (90) days of the date of this Order, the Board shall document its efforts to locate such candidates, and notify the Assistant Deputy Comptroller in writing. Thereafter, the Board shall provide monthly reports to the Assistant Deputy Comptroller summarizing its continuing efforts to locate such candidates.

Article II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Order, the Board shall appoint a Compliance Committee of at least three (3) directors of which none may 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.

(2) Within ten (10) days of the appointment of any external director as required by Paragraph (2) of Article I, the Board shall appoint at least one such new external director to serve on the Compliance Committee.

(3) The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order and shall meet at least monthly.

(4) Within forty-five (45) days of the date of this Order and every calendar month 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 Order;

(b) actions taken to comply with each Article of this Order; and

(c) the results and status of those actions.

(5) 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.

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

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

Article III

MANAGEMENT AND BOARD SUPERVISION

(1) Within sixty (60) days of the date of this Order, the Board shall employ an independent outside management consultant ("Consultant").

(2) Prior to the appointment or employment of any consultant or entering into any contract with a consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) Within forty-five (45) days of the receipt of the non-supervisory objection to the proposed consultant, the Consultant shall complete a study of current management and Board supervision presently being provided to the Bank, the Bank's management structure, and its staffing requirements in light of the Bank's present condition. The findings and recommendations of the Consultant shall be set forth in a written report (the "Management Study") to the Board. At a minimum, the Management Study shall contain:

(a) the identification of present and future management and staffing requirements of each area of the Bank, with particular emphasis given to Board oversight and senior management;

(b) detailed written job descriptions for all executive officers;

(c) an evaluation of each director's and officer's knowledge, skills, abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of the officer's position;

(d) recommendations as to whether management or staffing changes should be made, including the need for additions to, or deletions from, the current Board and management team;

(e) objectives by which management's and the Board's effectiveness will be measured;

(f) a training program to address identified weaknesses in the skills and abilities of the Bank's staff and management team;

(g) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for all officers, including identification of any overlapping duties or responsibilities;

(h) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for all officers, including the Bank's President;

(i) an assessment of the Board's strengths and weaknesses along with a director education program designed to strengthen identified weaknesses;

(j) an assessment of whether Board members are receiving adequate information on the operation of the Bank to enable them to fulfill their fiduciary duties and other responsibilities under law;

(k) recommendations to expand the scope, frequency and sufficiency of information provided to the Board by management;

(l) an evaluation of the extent of responsibility of current management and/or the Board for present weaknesses in the Bank's condition; and

(m) recommendations to correct or eliminate any other deficiencies in the supervision or organizational structure of the Bank.

(4) Copies of the Management Study shall be forwarded to the Assistant Deputy Comptroller within five (5) days of completion. The Assistant Deputy Comptroller shall retain the right to determine whether the Management Study complies with the terms of this Order.

(5) Within thirty (30) days of the completion of the Management Study, the Board shall prepare and submit a Management Plan to correct the deficiencies noted in the Management Study to the OCC for a prior written determination of no supervisory objection.

(6) Within five (5) days of receipt of the OCC's no objection to the Management Plan, the Board shall adopt, implement and thereafter adhere to the Management Plan.

Article IV

CAPITAL AND STRATEGIC PLAN

(1) Effective immediately, the Bank shall at all times maintain the following minimum capital ratios:

(a) tier 1 capital at least equal to eight (8%) of adjusted total assets; and

(b) total risk-based capital at least equal to eleven percent (11%) of risk-weighted assets.

(2) For purposes of this Article, "Tier 1 capital," "total risk-based capital," "adjusted total assets," and "risk-weighted assets" are as defined in 12 C.F.R. Part 3.

(3) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not to be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(4) Effective immediately, the Bank shall only declare dividends:

(a) when the Bank is in compliance with its approved capital program;

(b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(c) with the prior written approval from the Assistant Deputy Comptroller, which shall be granted or denied within thirty (30) days of the receipt of a dividend request from the Bank;

(5) Within thirty (30) days of the receipt of the non-supervisory objection to the Management Plan, the Board shall develop, implement, and thereafter ensure Bank adherence to a written capital and strategic plan for the Bank covering at least the next three years (hereafter the "Bank's Three-Year Plan"), complete with specific time frames that incorporate the Management Plan and that contains the capital, strategic and other requirements of this Article. Copies of the Bank's Three-Year Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(6) The Bank's Three-Year Plan shall establish objectives and projections for the Bank's overall risk profile, earnings performance, growth expectations, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, product line development and market segments that the Bank intends to promote or develop, together with specific strategies to achieve those objectives, that are specific, measurable, verifiable, and, at a minimum, address or include:

(a) the elimination of deficiencies in management leadership and Board oversight;

(b) recognition that the Bank cannot offer or introduce new products or enter market segments until it adopts an appropriate credit culture, implements sound risk management principles, and returns the Bank's condition to satisfactory;

(c) specific plans to improve corporate governance practices to ensure:

(i) sound operating policies and procedures;

(ii) accurate regulatory and Board reporting;

(iii) sound internal controls to monitor policy adherence; and

(iv) accountability for these processes;

(d) control systems to identify and reduce risk to capital and earnings and risks associated with significant concentrations, or any proposed changes in the Bank’s operating environment;

(e) an evaluation of the Bank’s internal operations, staffing requirements, Board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed pursuant to this Article;

(f) a management employment and succession program to promote the retention and continuity of capable management;

(g) specific plans to establish responsibilities and accountability for the strategic planning process, new products, loan growth, proposed changes in the Bank’s operating environment, and reducing problem assets;

(h) systems to monitor the Bank’s progress in meeting the plan’s goals and objectives;

(i) an assessment of the Bank’s present and future operating environment;

(j) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(k) the development of strategic goals and objectives to be accomplished over the short and long term;

(l) the identification of the Bank’s present and future product lines (assets and liabilities) and market segments that will be developed to accomplish the strategic goals and objectives established pursuant to this Article;

(m) specific plans for the maintenance of adequate capital that may in no event be less than the requirements specified in Paragraph (1) of this Article;

(n) specific plans for the maintenance of adequate liquidity, to include the development of an appropriate contingency funding plan;

(o) projections for capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;

(p) the primary source(s), especially those that are not credit sensitive, from which the Bank will strengthen its capital structure to meet the Bank's needs;

(q) contingency plans that identify alternative methods should the primary source(s) under subparagraph (p) not be available;

(r) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (4) of this Article; and

(s) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the next three years that shall address or include consideration of the requirements of this Article.

(7) If the OCC determines in its sole judgment, that the Bank's Three-Year Plan is unacceptable or if the Bank fails to implement or adhere to the Bank's Three-Year Plan for which the OCC has made a written prior determination of no supervisory objection, then within thirty (30) days of receiving written notice from the OCC of such fact, the Bank shall develop and shall submit to the OCC for its review and prior determination of no supervisory objection, a

Disposition Plan to either: (i) sell or merge the Bank, or (ii) liquidate the Bank in conformance with 12 U.S.C. § 181. The Disposition Plan shall provide the details and specific dates for the completion of the sale, merger or liquidation of the Bank and shall be designed to avoid any loss or cost to the Bank Insurance Fund of the Federal Deposit Insurance Corporation and be in conformance with the Comptroller's Corporate Manual for Termination of National Bank Status.

After the OCC has advised the Bank that it does not take supervisory objection to the Disposition Plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the Disposition Plan. Failure to submit a timely, acceptable Disposition Plan may be deemed a violation of this Order, in the exercise of the OCC's sole discretion.

Article V

CREDIT UNDERWRITING AND ADMINSTRATION

(1) Effective as of the date of this Order, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound banking practices, and fiduciary duties.

(2) Effective as of the date of this Order, the Bank may not grant, extend, renew, alter or restructure any loan or other extension of credit without:

(a) documenting the specific reason or purpose for the extension of credit;

(b) identifying the expected source of repayment in writing;

(c) structuring the repayment terms to coincide with the expected source of repayment;

(d) obtaining current and satisfactory credit information, including performing and documenting analysis of credit information and a detailed cash flow analysis of all expected repayment sources;

(e) determining and documenting whether the loan complies with the Bank's Loan Policy and if it does not comply, providing identification of the exception and ample justification to support waiving the policy exception;

(f) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;

(g) providing an accurate risk assessment grade and recognize nonaccrual status for each credit as further described in Article VII;

(h) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable; and

(i) obtaining the written approval of the Bank's Loan Committee, or Board.

(3) Within thirty (30) days of the date of this Order, the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the Report of Examination conducted as of September 30, 2006 (the "ROE"), in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(4) Within thirty (30) days of the date of this Order, the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(5) Within sixty (60) days of the date of this Order, the Board shall revise, adopt, implement, and thereafter ensure Bank adherence to a written program of policies and

procedures designed to aggregate and track exceptions to the Bank Loan Policy and underwriting guidelines for all loans and exceptions to the appraisal requirements described in Paragraph (2) of Article VI. This includes at a minimum, monthly Board monitoring of policy exception reports that track aggregate number and dollar amount of loans with material underwriting exceptions by type of loan and loan officer.

Article VI

LENDING POLICIES AND PROCEDURES

(1) Within sixty (60) days of the date of this Order, the Board shall review, revise, and thereafter ensure adherence to the Bank's Loan Policy to include, at a minimum, revisions relating to:

(a) the appraisal requirements described in Paragraph (2) of this Article;

(b) expectations regarding required credit file information for each different lending product offered;

(c) requirements that lending officers appropriately analyze, document, and communicate appropriate credit and collateral information, to include, at a minimum, the provisions in Paragraph (2) of Article V;

(d) documentation requirements for construction draws and the content of construction inspection reports; and

(e) loan officer accountability for failure to timely risk rate loans and timely recognize nonaccrual loans under their respective supervision.

(2) Within sixty (60) days of the date of this Order, 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 C.F.R. Part 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 ordering of appraisals, independent of the lending function;

(c) the use of Board approved appraisers only;

(d) expectations regarding the selection of comparable sales, and when income or cost analysis should be used for income producing properties;

(e) the establishment of a policy requiring a meaningful review, independent of the lender, of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised; and

(f) the establishment of a tickler system for tracking appraisals ordered, received, returned, and reviewed.

Article VII

CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

(1) Within thirty (30) days of the date of this Order, the Board shall immediately take all necessary steps to ensure that the Bank's loans and other assets are appropriately and timely risk rated and that nonaccrual loans are timely recognized and accounted for appropriately by the lending officers. Bank management shall provide a written report to be filed with the Board at least quarterly and shall use a loan grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook and shall stop interest accrual, apply any cash payments, and reverse accrued interest in accordance with the Instructions for Preparation of Consolidated Reports of Condition and Income ("Call Report"). Such Board reports shall, at a minimum, provide:

(a) an assessment of the overall quality of the loan portfolio;

(b) the identification, type, rating, and amount of problem loans including grading differences;

(c) the identification and amount of delinquent loans;

(d) the identification of all nonaccrual loans and leases;

(e) credit and collateral documentation exceptions;

(f) the identification and status of credit related violations of law, rule or regulation;

(g) loans not in conformance with the Bank's Loan Policy as required by Paragraph (5) of Article V, and loans made with approved exceptions to the Bank's Loan Policy.

(h) concentrations of credit;

(i) loans to affiliates and related parties; and

(j) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (g) of this Paragraph.

Article VIII

PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Order, the Board shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination. The Board's compliance with this Paragraph shall include the development of procedures that include analysis and documentation, at a minimum, of the following:

(a) an identification of the expected sources of repayment;

(b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable as well as other necessary documentation to support the collateral valuation;

(c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;

(d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment; and

(e) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans.

(2) Effective as of the date of this Order, the Bank may not extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed twenty-five thousand dollars ($25,000) unless each of the following conditions is met:

(a) the Board finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and

(b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

Article IX

OTHER REAL ESTATE OWNED

(1) Within thirty (30) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to a program to ensure that Other Real Estate Owned ("OREO") is managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34. The program shall, at a minimum, address:

(a) responsibility and authority for OREO properties;

(b) proper accounting procedures for OREO properties from transfer to the Bank and until and upon sale to a third party;

(c) procedures to require timely appraisals pursuant to 12 C.F.R. § 34.85 and 12 C.F.R. Part 34, Subpart C;

(d) diligent sales efforts;

(e) reporting systems; and

(f) the preparation of monthly action plans that provide the Board with the status of each OREO property and that:

(i) identify the Bank officer(s) responsible for managing and authorizing transactions relating to the OREO properties;

(ii) contain an analysis of each OREO property which compares the cost to carry against the financial benefits of near term sale;

(iii) detail the marketing strategies for each parcel;

(iv) identify targeted time frames for disposing each parcel of OREO;

establish targeted write-downs at periodic intervals if marketing strategies are unsuccessful; and

(v) establish procedures to require periodic market valuations of each property, and the methodology to be used.

(2) Upon adoption, the Board shall submit a copy of the program to the Assistant Deputy Comptroller for review.

(3) Effective immediately, the Bank shall take the necessary efforts to dispose of the Pilgrim Foundation OREO and the home purchased in Mead, Colorado. Unless the OCC provides a prior written non-supervisory objection, the Bank shall not retain either of these properties beyond September 30, 2007.

Article X

EXTERNAL LOAN REVIEW

(1) Within sixty (60) days of the date of this Order, the Board shall employ a qualified consultant to perform an ongoing asset quality review of the Bank. The consultant shall be utilized until such time as an ongoing internal asset quality review system is developed by the Board, implemented, and demonstrated to be effective. The external loan review system shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook. Such reports shall, at a minimum, include comments and conclusions regarding:

(a) the loan review scope and coverage parameters;

(b) the overall quality of the loan and lease portfolios;

(c) the identification, type, rating, and amount of problem loans and leases including grading differences;

(d) the identification and amount of delinquent loans and leases;

(e) credit and collateral documentation exceptions;

(f) the identification and status of credit related violations of law, rule or regulation;

(g) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of the Article;

(h) concentrations of credit;

(i) loans and leases to affiliates and related parties;

(j) loans and leases not in conformance with the Bank's Loan Policy, and exceptions to the Bank's Loan Policy; and

(k) any recommendations for improvements.

(2) Prior to the appointment or employment of any individual to this loan review consultant or entering into any contract with a consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. The proposed consultant may not be the same consultant who has performed loan review work for the Bank in either of the last two years.

(3) Before terminating the consultant's asset quality review services, the Board shall both certify the effectiveness of the internal asset quality review system, and receive a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

Article XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of the date of this Order, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses ("Allowance") and shall establish a program for the maintenance of an adequate Allowance. This review and program shall be designed to meet Generally Accepted Accounting Principles and regulatory guidance set forth in FAS 5, FAS 114, OCC Bulletin 2001-37, OCC Bulletin 2006-47, and the "Allowance for Loan and Lease Losses" booklet of the Comptroller's Handbook, and shall focus particular attention on the following factors:

(a) suitable policies and procedures that communicate the ALLL process internally to all applicable personnel;

(b) clear explanations and documentation for the ALLL analysis;

(c) results of the Bank's internal risk ratings;

(d) results of the Bank's external loan review;

(e) an estimate of loss exposure on each impaired credit;

(f) loan loss experience;

(g) trends of delinquent and nonaccrual loans;

(h) concentrations of credit in the Bank;

(i) lending policies and procedures, including underwriting and collection, charge off and recovery practices;

(j) changes in the nature and volume of the portfolio;

(k) changes in lending management and staff;

(l) changes in the loan review system; and

(m) present and prospective economic conditions.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

Article XII

INTEREST RATE RISK POLICY

(1) Within ninety (90) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written interest rate risk program that shall include:

(a) the acquisition of an accurate, realistic interest rate risk model that is flexible to grow with the Bank's potential strategic changes;

(b) training to ensure that senior management understands, documents, periodically reviews and adjusts as needed, assumptions used in the Bank's interest rate risk model;

(c) training or the addition of knowledgeable staff in this area;

(d) approval and implementation of Board policies that establish internal controls and expected management qualifications to ensure the model is administered by a senior manager who is independent of investment decisions and sufficiently trained to understand, document and periodically adjust model assumptions as the balance sheet and Bank strategies change;

(e) the establishment of reasonable limits on interest rate risk; and

(f) an independent validation of the interest rate risk model on an at least an annual basis.

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

Article XIII

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, cited in the ROE and in any subsequent Report of Examination or OCC correspondence. The monthly progress reports required by Article II of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations, practices, and breaches as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, regulations and duties applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent Report of Examination or other OCC correspondence which cites violations of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, the Board shall adopt, implement, and thereafter ensure

Bank adherence to specific procedures to prevent future citations in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules, regulations, and duties applicable to their areas of responsibility.

Article XIV

EXTERNAL AUDIT

(1) Within thirty (30) days of the date of this Order, the Board shall retain the services of a qualified and independent Certified Public Accountant ("CPA") to render an opinion on the fairness of the Bank's December 31, 2006 financial statements, as well as the performance of certain agreed-upon procedures, to include:

(a) a determination of whether the Bank made the regulatory entries and adjustments to the Bank's Third and Fourth Quarter 2006 Call Reports;

(b) a reconciliation of the Bank's financial statements to the Bank's Call Report as of the audit date;

(c) a review of the accounting treatment for all entries into the Bank's various capital accounts during 2006;

(d) a review of the accounting treatment for the last three years of entries into the Bank premises and Other Assets accounts; and

(e) a review and issuance of a report regarding the appropriateness of the Bank's internal accounting controls.

(2) The Board shall also retain the same CPA to render an opinion on the next two year-end financial statements, but the Board may, with the prior supervisory nonobjection of the OCC, discontinue the services of the CPA if it has a reasonable basis to believe that the CPA has

failed to perform any audit and/or other agreed-upon procedures in accordance with the engagement letter(s) or Generally Accepted Auditing Standards.

(3) Prior to the appointment or employment of any independent CPA or entering into any contract with an independent CPA to perform the audit and procedures required by this Article, the Board shall submit the name and qualifications of the proposed CPA and the proposed terms of employment (including the proposed engagement letter and any amendments thereto) to the Assistant Deputy Comptroller for a prior determination of no supervisory objection. The proposed CPA shall be selected by the Board in a manner that ensures the CPA maintains independence. The proposed CPA may not be the same CPA who has performed audit procedures for the Bank in either of the last two years. The proposed engagement letter shall address the audits for the year-end financial statements for December 31, 2006, December 31, 2007, and December 31, 2008, and the agreed-upon procedures in accordance with the requirements of Paragraph (1) of this Article. Going forward, the Bank shall not engage the same CPA to perform auditing services for more than three years in a row.

(4) The requirement to submit information and the provision for a prior determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller to complete his review and act on any such information or authority within ninety (90) days.

Article XV

INFORMATION TECHNOLOGY

(1) Within sixty (60) days, the Board shall take all steps to ensure the Bank has satisfactory Information Technology (“IT”) program. The Board must:

(a) establish and implement Board policies that ensure separation of duties and dual control over assets including restricting administrator access for senior managers or other employees responsible for posting or supervising changes to the accounting system;

(b) conduct a Bank-wide test of the contingency plan annually, document testing activities, and apprise the board of test results; and

(c) ensure a satisfactory IT training program that includes procedures addressing make-up training for employees who were unable to attend the regularly scheduled classes.

(2) The results of the corrective actions will be monitored through the monthly compliance committee progress report.

Article XVI

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review and/or supervisory non-objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) In each instance in this Order 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 Order;

(b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(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.

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

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

(5) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States.

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

IN TESTIMONY WHEREOF, the undersigned has hereunto set her hand.

/s/ *Karen M. Boehler* *4/25/07*

Karen M. Boehler
Assistant Deputy Comptroller
Denver Field Office

Date

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of: The First National Bank of Stratton Stratton, Colorado	)))	AA-WE-07-14

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller") intends to initiate cease and desist proceedings against The First National Bank of Stratton, Stratton, Colorado ("Bank"), pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges for an Order to Cease and Desist for: unsafe and unsound banking practices relating to the supervision of the affairs of the Bank, violations of consumer laws and regulations, violations of the 12 U.S.C. §§ 29, 161a, and 31 C.F.R. § 103.29(a)(2).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated April 25, 2007 (the "Order").

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq*.

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

(4) This Order shall cause the Bank to be designated as in "troubled condition," as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, this Order shall cause the Bank not to be designated as an "eligible bank" for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). 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(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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.

ARTICLE III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

(b) any and all procedural rights available in connection with the issuance of the Order;

(c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19

(d) all rights to seek any type of administrative or judicial review of the Order; and

(e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

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

/s/ *Karen M. Boehler*
Karen M. Boehler
Assistant Deputy Comptroller
Denver Field Office

4/25/07
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/	4-25-07
Joe Bohnen	Date
/s/	4-25-07
Robert Downey	Date
/s/	4-25-07
Gene Hase	Date
/s/	4-25-07
Robert Todd	Date
/s/	4/25/07
Timothy Morgan	Date