

AGREEMENT BY AND BETWEEN

Pikes Peak National Bank, Colorado Springs, Colorado
and
The Comptroller of the Currency

Pikes Peak National Bank, Colorado Springs, Colorado (“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 has engaged in unsafe and unsound banking practices relating to its board and management oversight, credit underwriting, credit administration, and liquidity contingency planning.

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 thirty (30) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors of which at least one (1) must not be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). 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) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement and shall meet at least monthly.

(3) By no later than March 31, 2009, and by the end of 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 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 provide a summary report of the progress reached in attaining compliance with each Article of this Agreement to the Assistant Deputy Comptroller within ten (10) days of the end of each calendar quarter.

Article III

DIVIDEND RESTRICTIONS

- (1) Effective immediately, the Bank shall only declare dividends:
- (a) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (b) 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.

Article IV

CREDIT UNDERWRITING AND ADMINISTRATION

- (1) Effective as of the date of this Agreement, 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) Within ninety (90) days of this Agreement, the Board shall develop and submit to the Assistant Deputy Comptroller for a prior written determination of no

supervisory objection, a program to improve the Bank's credit risk management and administration practices. The program shall include at a minimum, provisions requiring:

- (a) procedures to ensure that the Bank does not grant, extend, renew, alter or restructure any loan or other extension of credit equal to or exceeding one-hundred thousand dollars (\$100,000), without:
 - (i) documenting the specific reason or purpose for the extension of credit;
 - (ii) identifying the expected source of repayment in writing;
 - (iii) structuring the repayment terms to coincide with the expected source of repayment and the useful life of the collateral;
 - (iv) 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, including global cash flow analysis where appropriate;
 - (v) 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;

- (vi) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
 - (vii) providing an accurate risk assessment grade and proper accrual status for each credit;
 - (viii) obtaining an appraisal or evaluation as appropriate;
 - (ix) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable; and
 - (x) obtaining the written approval of the Bank's Loan Committee or Board;
- (b) policies and procedures designed to aggregate, track and eliminate exceptions to the Loan Policy and underwriting guidelines for all loans to include, at a minimum:
- (i) 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;
 - (ii) accountability by the lending staff for such exceptions that, at a minimum, considers such exceptions in the periodic performance reviews and compensation of such lending staff; and

- (iii) standards for when installment loan policy exceptions are appropriate and what factors should exist to mitigate exceptions;
- (c) procedures to ensure that commercial loans are properly monitored to include periodic receipt, analysis and documentation of sufficient financial and operating information to measure and monitor the borrower's financial condition and repayment ability;
- (d) controls to ensure that installment loans are underwritten in accordance with the Bank's Loan Policy and safe and sound banking practices, to include at a minimum, policies and procedures to ensure that customers:
 - (i) meet employment and residency requirements;
 - (ii) provide complete financial information; and
 - (iii) provide sufficient collateral to meet or exceed required loan-to-value guidelines; and
- (e) controls to ensure repossessed assets are properly safeguarded and accounted for in accordance with Generally Accepted Accounting Principles ("GAAP"), to include at a minimum:
 - (i) the centralization and assignment of accountability for the maintenance of proper documentation, files and accounting;

- (ii) procedures to ensure repossessed assets are appropriately valued and recorded; and
- (iii) the development of appropriate internal controls over repossessed assets.

(3) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

(4) Within thirty (30) days of this Agreement, the Board shall take the necessary steps to obtain current and satisfactory credit information on all loans lacking such information, including those listed in the Report of Examination conducted as of June 30, 2008 (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 thirty (30) days of this Agreement, 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.

Article V

APPRAISAL AND EVALUATION PROCESS

(1) Within sixty (60) days 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 and/or conducts evaluations 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 for evaluations regarding evaluator independence, selection of comparable sales, when income or cost analysis should be used for income producing properties, and the use of other documentation from county records and realtors;
- (e) the establishment and implementation 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 VI

CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

(1) Within thirty (30) days of this Agreement, the Board shall develop a program to ensure that the risk associated with the Bank's loans is properly reflected and

accounted for on the Bank's books and records, to include, at a minimum, provisions requiring that:

- (a) the Bank's loans and other assets are appropriately and timely risk rated and charged-off by the lending officers using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*;
- (b) the Bank's loans and other assets are timely placed on nonaccrual by the lending officers in accordance with the guidelines set forth in the Call Report;
- (c) loan officers appropriately and timely risk rate and/or place loans on nonaccrual; and
- (d) all loan officers are trained to appropriately and timely risk rate loans in accordance with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook* and to place loans on nonaccrual in accordance with the guidelines set forth in the Call Report.

Article VII

PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Agreement, 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.

(2) The Board's compliance with Paragraph (1) of this Article shall include the development of procedures for the monthly submission and review of problem asset reports for all criticized credit relationships totaling \$100,000 or above, that require, at a minimum, analysis and documentation of the following:

- (a) an identification of the expected sources of repayment and an analysis of their adequacy;
- (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;
- (e) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans; and
- (f) a determination of whether the loan is impaired and the amount of the impairment, consistent with FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan.

(3) Effective as of the date of this Agreement, 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 \$100,000, unless each of the following conditions is met:

- (a) the Board or a designated committee thereof 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 Board or a designated committee thereof approves the credit extension and documents in writing, the reasons that 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 by the extension of credit.

Article VIII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses ("Allowance") in accordance with GAAP. The Allowance policies and procedures shall be consistent with

the guidance set forth in the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47), and July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan;
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies;
- (c) procedures for validating the Allowance methodology;
- (d) procedures to ensure that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
 - (i) trends in the Bank's internal risk ratings, delinquent and nonaccrual loans;
 - (ii) results of the Bank's external loan review;
 - (iii) concentrations of credit in the Bank;
 - (iv) present and prospective economic conditions; and
 - (v) applicable experience of the Bank's lending staff.

(2) The program shall provide a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Call Reports for the Allowance. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, 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.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies and procedures developed pursuant to this Article.

Article IX

EXTERNAL LOAN REVIEW

(1) Within thirty (30) days of this Agreement, the Board shall employ a qualified consultant to perform periodic independent reviews of the Bank's loan portfolio to assure the timely identification and categorization of problem credits. 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.

(2) Prior to the appointment or employment of any individual as 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 terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The scope of the engagement with the loan review consultant shall provide for a written report to be filed with the Board after each review, with the first review to be completed by May 31, 2009, 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 adequacy of the Bank's credit risk management systems;
 - (d) the identification, type, rating, and amount of problem loans and leases including grading differences;
 - (e) the identification and amount of delinquent loans and leases;
 - (f) credit and collateral documentation exceptions;
 - (g) loans and leases not in conformance with the Bank's Loan Policy, and exceptions to the Bank's Loan Policy;
 - (h) the identification and status of credit related violations of law, rule or regulation;
 - (i) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (d) through (h) of the Article;
 - (j) concentrations of credit;
 - (k) loans and leases to affiliates and related parties;
- and

(1) any recommendations for improvements.

(4) 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 X

CONTINGENCY FUNDING PLAN

(1) Within sixty (60) days of this Agreement, the Board shall adopt, implement and thereafter ensure Bank adherence to a written contingency funding plan that ensures the Bank can remain liquidity solvent through stressed environments. At a minimum, the plan should:

- (a) identify, measure, and monitor liquidity risk both for short-term expectations and for alternative liquidity needs on a contingency basis;
- (b) evaluate the Bank's expected sources and uses of funds for various scenarios;
- (c) identify, quantify, establish, and rank all sources of funding by preference for the various stress scenarios, including asset side funding; liability side funding and off-balance sheet funding (i.e., correspondent bank lines, FHLB borrowings, etc.); and
- (d) identify triggers for use of the plan, including established liquidity ratios to measure and monitor liquidity (i.e., loan to deposit ratios,

liquidity ratio, etc.), consistent with the guidelines set forth in Liquidity, L-L, of the *Comptroller's Handbook*.

Article XI

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 Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations, practices, and breaches 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 XII

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 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

2/27/2009

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/

Earl Georgeson

2/27/2009

Date

/s/

Drusylla Georgeson

2/27/2009

Date

/s/

E.J. "John" Georgeson

2/27/2009

Date

/s/

Robin Roberts

2/27/2009

Date

/s/

Anne Smelker

2/27/2009
