

**AGREEMENT BY AND BETWEEN
First National Bank
Chisholm, Minnesota**

and

The Comptroller of the Currency

First National Bank, Chisholm, Minnesota (“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, through his National Bank Examiners, has examined the Bank and has identified unsafe or unsound banking practices related to credit administration, management, and controls over bank expenses, as well as violations of federal regulations related to the Bank Secrecy Act.

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
Minneapolis Field Office
222 South Ninth Street, Suite 800
Minneapolis, MN 55402-3393

ARTICLE II

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) The Board must ensure that the Bank has competent management in place on a full time basis to carry out the Board’s policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within sixty (60) days, the Board shall review the organizational structure and composition of the Bank’s management and make changes where appropriate, as determined by the Board, including additions to or deletions from current managerial positions or personnel. At a minimum, as part of, or based upon the Board’s review, the Board shall:

- (a) delineate and assign specific senior executive officer positions to qualified individuals with defined duties and lines of authority sufficient to cover the scope of duties traditionally assigned to a Chief Executive Officer, Senior Lending Officer, Chief Financial Officer, and Chief Operating Officer; and
- (b) assess each of the Bank’s current executive officers’ experience, other qualifications and performance compared to the position’s duties and lines of authority and make changes if appropriate.

The Board's review, and any changes made or planned as a result, shall be documented and promptly submitted to the Assistant Deputy Comptroller for review and no supervisory objection.

(3) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will within ninety (90) days develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and
- (d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller for review and no supervisory objection.

(4) If a senior executive officer position is or at any time becomes vacant, the Board shall, within sixty (60) days of such vacancy, appoint a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility. If the Bank is unable to locate an acceptable person to fill the vacancy within sixty (60) days, despite its best efforts, the Bank may request an extension of time in writing from the Assistant Deputy Comptroller.

ARTICLE III

CREDIT AND COLLATERAL DOCUMENTATION

(1) Within ninety (90) days the Board shall obtain current and satisfactory credit information, and ensure proper collateral documentation is maintained on all loans lacking such information or documentation, including those identified in the Report of Examination dated “as of” December 31, 2008 (“ROE”), in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information or documentation provided to management by the National Bank Examiners at the conclusion of an examination.

(2) If the Board is unable to obtain the credit information or collateral documentation required by Paragraph (1) of this Article within ninety (90) days, despite its best efforts, the Board shall document its efforts to obtain such information or documentation, and maintain the documentation of its efforts in the loan file.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit, including loan participations, only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source(s) of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank’s lien on it where applicable.

ARTICLE IV

DIVIDEND RESTRICTION

(1) The Bank shall not declare a dividend without the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

ARTICLE V

IMPROVEMENT OF INTERNAL CONTROLS OVER EXPENSES

(1) Effective immediately, the Board shall ensure adherence to its written program for monitoring and documenting noninterest expenses contained in the Bank's "Payment of Bank Expenditures Statement of Policy" ("Expense Policy").

(2) If the Board chooses to modify the Bank's Expense Policy, it must submit the proposed modification in writing to the Assistant Deputy Comptroller for review and determination of no supervisory objection. In the event the Assistant Deputy Comptroller recommends changes, the Board shall immediately incorporate those changes in writing into the Bank's Expense Policy.

(3) All documentation required by the Bank's Expense Policy shall be preserved in the Bank, and all determinations of the Board pursuant to the Bank's Expense Policy shall be recorded in the Board minutes.

ARTICLE VI

BANK SECRECY ACT

(1) Within the timeframes established in the Bank's Corrective Action Plan, the Board shall revise, and thereafter ensure Bank adherence to, the Bank's written program of policies and procedures to ensure compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311-5330), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C (collectively referred to as the Bank Secrecy Act). At a minimum, the Board shall revise the Bank's written program as necessary to establish:

- (a) a system of internal controls, independent testing, and auditing to ensure ongoing compliance with the Bank Secrecy Act;
- (b) operating procedures for both the opening of new accounts and the monitoring of high risk accounts;
- (c) adequate controls and procedures to ensure that all suspicious and large currency transactions are identified and reported. Procedures should be comprehensive as to all points of cash entry and exit;
- (d) procedures to ensure that records are maintained on monetary instrument transactions and funds transfers, as required by the Bank Secrecy Act;
- (e) comprehensive procedures to identify, monitor, investigate, and report suspicious activity;
- (f) a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act and the Office of Foreign Assets Control (OFAC), including the currency reporting and monetary instrument and funds transfer recordkeeping requirements, and the reporting requirements associated with Suspicious Activity Reports (SARs) pursuant to 12 C.F.R. Part 21, Subpart B;
- (g) an officer who will be responsible for filing all reports required by the Bank Secrecy Act; and
- (h) comprehensive guidelines, procedures, and systems for compliance with the rules and regulations of the Office of Foreign Assets Control (OFAC).

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

ARTICLE VII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or approval, 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 maybe necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) ensure that the Bank has adequate and appropriate personnel, and that personnel receive sufficient training, to ensure compliance with the terms of this Agreement;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;

- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (e) 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 its 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 its supervisory responsibilities. The terms of this Agreement, 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, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/
Thomas J. Tott
Assistant Deputy Comptroller
Minneapolis North

July 23, 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/

07/23/09

Louis Cianni

Date

/s/

07/23/09

Jerome Culliton

Date

/s/

07/23/09

Charles Wangenstein

Date

/s/

07/23/09

John Wangenstein

Date

/s/

07/23/09

Mark Wangenstein

Date