#2009-184

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

In the Matter of:	)	
First National Bank of The Rockies	)	AA-WE-09-81
Grand Junction, 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 The Rockies, Grand Junction, 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 November 5, 2009, 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

COMPLIANCE COMMITTEE

(1) Within five (5) days of this Order, the Board shall appoint a Compliance Committee of at least four (4) members and, 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.

(2) 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.

(3) By no later than December 5, 2009, and within five (5) days of 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 Order;

(b) actions taken to comply with each Article of this Order; 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 Order to the Assistant Deputy Comptroller within fifteen (15) days of the end of each calendar quarter.

(5) 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

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures and programs required by this Order.

Article II

LENDING MANAGEMENT STUDY

(1) Within ten (10) days of this Order, the Board shall employ a qualified, independent credit risk management consultant ("Consultant"). Prior to the appointment or employment of any individual as Consultant or entering into any contract with any 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. After the OCC has advised the Bank that it does not take supervisory objection to the Consultant or the scope of the review, the Board shall immediately engage the Consultant pursuant to the proposed terms of the engagement.

(2) Within forty-five (45) days of this Order, the Consultant shall complete a study of current management and Board supervision presently being provided to the lending areas of the Bank. The findings and recommendations of the Consultant shall be set forth in a written report (the "Lending Management Study") to the Board. At a minimum, the Lending Management Study shall contain:

(a) the identification of present and future management and staffing requirements of the lending areas of the Bank;

(b) an evaluation of the knowledge, skills, and abilities of each lending officer, including those involved in lending oversight, and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of each respective position;

(c) recommendations as to whether lending management or staffing changes should be made, including the need for additions to, or deletions from, the lending management team;

(d) a recommended training program to address identified weaknesses in the skills and abilities of the lending management and staff;

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

(f) an assessment of the Board's strengths and weaknesses along with a director education program designed to strengthen identified weaknesses in oversight of the lending areas of the Bank;

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

(3) Copies of the Lending 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 Lending Management Study complies with the terms of this Order.

(4) Within ten (10) days following the completion of the Lending Management Study, the Board shall implement and thereafter ensure that the Bank adheres to, any recommended management or staff changes or training programs.

Article III

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 nine (9%) of adjusted total assets; and

(b) total risk-based capital at least equal to twelve percent (12.0%) 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 <u>not</u> 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 when:

(a) the Bank is in compliance with the Bank's Three-Year Plan as described below;

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

(c) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(5) Within ninety (90) days of this Order, the Board shall develop a written 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 strategic and other requirements of this

Article. A copy 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) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(b) an assessment of the Bank's present and future operating environment;

(c) the development of strategic goals and quantifiable measures with specific implementation dates, individual responsibilities, and accountability to ensure the Bank attains sustained earnings to support capital and liquidity;

(d) the identification of present and future product line development (assets and liabilities) and market segments that the Bank intends to develop or promote;

(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) specific plans to establish responsibilities and accountability for the strategic planning process, new products, proposed changes in the Bank's operating environment, reduction of problem assets, Bank-wide consistent application of policies and procedures, and the maintenance of adequate liquidity;

(g) specific management, staffing and other changes necessary to implement the Bank's Three-Year Plan and attain compliance with this Order that is consistent with the findings and recommendations contained in the Lending Management Study;

(h) control systems to identify and reduce risk to earnings, capital, reputation, and liquidity, and risks associated with any proposed changes in the Bank's operating environment;

(i) recognition that the Bank cannot offer or introduce new products, enter new market segments, or significantly expand any existing product unless it first develops appropriate systems, controls, and expertise to manage and control the associated risks;

(j) concentration limits that reflect the Board's objectives and limitations for the Bank's risk profile;

(k) specific plans for the reduction of criticized assets by asset type with target reductions by month;

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

(m) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;

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

(o) 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; and

(p) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(7) 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 Bank's Three-Year Plan.

Article IV

COMMERCIAL REAL ESTATE RISK MANAGEMENT

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate revisions to policies and procedures) designed to manage the risk in the Bank's commercial real estate ("CRE") loan portfolio in accordance with the guidelines in OCC Bulletin 2006-46, Concentration in Commercial Real Estate Lending and the

Commercial Real Estate and Construction Lending, A-CRE, of the *Comptroller's Handbook*. The written CRE program should, at a minimum, include:

(a) the establishment of CRE concentration limits stratified by type, locality and other meaningful measures supported by written analysis;

(b) monthly monitoring of concentration reports that stratify the CRE portfolio by product type, locality and other meaningful measures;

(c) strategies and procedures to manage CRE concentrations to conform with established limits set in Subparagraph (a) of this Article;

(d) portfolio-level multi-factor stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;

(e) significant individual loan stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;

(f) immediate and ongoing training for the lending staff, including loan management oversight personnel, on prudent CRE underwriting standards;

(g) restrictions on CRE lending growth until the implementation of appropriate risk management systems and controls, and the acquisition of the necessary knowledge, skills and abilities to underwrite and manage CRE loans, including but not limited to those for the purpose of construction and developing CRE;

(h) the establishment of Loan Policy CRE underwriting standards by CRE type that include specific requirements relating to:

(i) maximum loan amount and maturity by type of property;

(ii) approval authorizations;

(iii) minimum file documentation and analysis;

(iv) minimum requirements for initial investment and maintenance of hard equity;

(v) minimum standards for borrower net worth, property cash flow/debt service, collateral coverage, and guarantor support;

(vi) the performance of global cash flow analysis to evaluate the repayment ability of borrowers with multiple projects;

(vii) standards for ensuring a complete and accurate assessment of guarantor support and secondary sources of repayment;

(viii) standards for ensuring that CRE loans have appropriate minimum loan covenants;

(ix) minimum standards for the acceptability for using, and defined limits for soft cost and/or interest reserve financing and non-amortizing loans;

(x) requirements of pre-leasing and pre-sale for income-producing property;

(xi) requirements of pre-sale and minimum unit release for non-income producing property;

(x) maximum amortization periods and minimum principal curtailment for CRE and construction and development projects that fail to meet original projections;

(xi) procedures for loan closing and disbursement processes, including the supervised disbursement of construction loan proceeds; and

(xii) procedures to hold employees and officers accountable for non-compliance with the Bank's loan policy;

(i) maintenance of proper collateral margins in loans made for the purpose of constructing or developing real estate, including but not limited to, procedures for ensuring that:

(i) periodic, meaningful, well-documented, inspections are performed on all construction projects;

(ii) inspections are performed by an independent and qualified individual;

(iii) draw requests are advanced in accordance with construction progress and budget;

(iv) documentation is maintained of project completion versus amount advanced;

(v) lien waivers are obtained from contractors and sub-contractors; and

(vi) borrower's hard equity is tracked by project; and

(j) standards for when CRE loan policy exceptions are appropriate, what factors should exist to mitigate exceptions, and how the level and trend of exceptions should be documented, tracked and reported to the Board.

(2) 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.

Article V

HELOC RISK MANAGEMENT

(1) Within sixty (60) days of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program designed to assess and manage the credit risk associated with the Bank's Home Equity Line of Credit ("HELOC") portfolio consistent with OCC Bulletin 2005-22, *Home Equity Lending: Credit Risk Management Guidance*, dated May 16, 2005. The program shall include, but not be limited to:

(a) procedures to strengthen HELOC underwriting;

(b) procedures to identify high-risk accounts at an early stage, which may include but should not necessarily be limited to:

(i) refreshing credit scores periodically;

(ii) evaluating available risk scores such as behavior, bankruptcy, deposit and overdraft protection, or other bureau risk scores for use in improving the targeting of increased customer risk;

(iii) identifying accounts where first lien mortgages were financed or refinanced over the past five years and compare to other risk factors;

(iv) identifying first lien mortgages where the outstanding balance increased or remained constant through cash outs, negative amortization, or nontraditional mortgage products and compare to other risk factors;

(v) isolating and analyzing elements of risk within payment history or patterns, utilization, geography (by county, MSA, zip code), investment, business, or non-owner occupied residential collateral;

(vi) requesting additional financial information where decisions depend on borrower repayment capacity; and

(vii) ensuring that methods exist to monitor and evaluate the performance of all customer products within a banking relationship;

(c) loan workout and loss mitigation strategies based on the following considerations:

(i) alternative strategies such as line reduction, line reduction with open to buy, and early amortization programs should be analyzed to maximize profitability and minimize risk;

(ii) limiting additional line increase offers may be appropriate based on an evaluation of account characteristics;

(iii) ensuring that methods used to notify borrowers of action that impacts account usage do not create, versus prevent, performance issues;

(iv) workout and rewrite programs for current accounts with identified issues, accounts with a recent delinquency pattern, or accounts currently past due; and

(v) the current level of risk and the degree of decline in taking actions as a result of credit score degradation; and

(d) portfolio-level multi-factor stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions (home values, interest rates, etc.) on the risk in the HELOC portfolio;

(2) Upon implementation, the Board shall submit a written description of the program required by this Article to the Assistant Deputy Comptroller.

(3) At least quarterly, the Board shall prepare a written assessment of the Bank's credit risk associated with the HELOC portfolio, which shall evaluate the Bank's progress under the aforementioned program. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller within fifteen (15) days of the end of each calendar quarter.

Article VI

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 Report of Examination conducted as of March 31, 2009 (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 reports of all criticized credit relationships or Other Real Estate ("ORE") totaling two-hundred fifty thousand dollars ($250,000) or more, and that require the preparation of Problem Asset Reports ("PARs" or "PAR") that contain, 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 current grade and 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, enact collection plans, and make appropriate downgrades or place on nonaccrual;

(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; and

(g) for criticized relationships of two-hundred fifty thousand dollars ($250,000) or above that were made for the purpose of constructing or developing CRE, the PARs shall also include:

(i) the initial scheduled maturity date of the loan, number of extensions and/or renewals, and current maturity date;

(ii) project development status;

(iii) a comparison of development costs to the budgeted amount;

(iv) a comparison of sales activity to the original sales projections;

(v) amount of initial interest reserve and the amount of any subsequent additions to the reserve;

(vi) an assessment of the borrower's global cash flow;

(vii) an assessment of any guarantor's global cash flow; and

(viii) any other significant information relating to the project.

(3) A copy of each PAR prepared during the month of each quarter end (e.g., March, June, September, and December), along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each credit or to dispose of the ORE, shall be submitted to the Assistant Deputy Comptroller within fifteen (15) days of each calendar quarter end.

(4) 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 of credit equal or exceed two-hundred fifty thousand dollars ($250,000), 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 VII

APPRAISAL AND EVALUATION PROCESS

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a revised, written policy designed to ensure the Bank obtains real estate appraisals and 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 establishment of criteria for obtaining updated appraisals, new appraisals, and evaluations;

(b) the ordering of appraisals, independent of the lending function;

(c) the use of Board approved appraisers only;

(d) the development of procedures to ensure that appraisals, updates and evaluations are the appropriate type and ordered in a timely manner;

(e) the establishment of a tickler system for tracking when appraisals, updates and evaluations are received, reviewed and adjustments are made, as appropriate, to reflect FAS 114 impairment and changes in risk ratings; and

(f) 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.

(2) 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.

Article VIII

CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

(1) Within sixty (60) days of this Order, the Board shall develop, and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a program to ensure that: 1) the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records and that 2) the Bank does not improperly recognize income, to include, at a minimum, provisions requiring that:

(a) the Board adopts a loan grading system that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook* and is based upon definitive objective and subjective criterion;

(b) the Bank's loans and other assets are graded based upon current facts and existing/ reasonable (considering the loan purpose) repayment terms with a focus upon whether the primary repayment source is threatened by a well-defined weakness and whether the credit relies heavily upon secondary repayment sources, especially illiquid collateral or an unsubstantiated guarantor;

(c) 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;

(d) lending officers conduct periodic, formal reviews for determining the appropriate risk rate and accrual determination;

(e) appropriate analysis and documentation are maintained in the credit files to support the current and previous risk rate or accrual determination for all credit relationships totaling two-hundred fifty thousand dollars ($250,000) or more;

(f) Loan managers, credit administration oversight, and all lending officers receive immediate training with respect to the application of Subparagraphs (a) through (e) of this Article;

(g) the lending officers and senior management are assigned responsibility and held accountable (to include, at a minimum, consideration in periodic performance reviews and compensation) for ensuring that the Bank's loans and other assets are appropriately and timely risk rated, charged off and/or placed on nonaccrual;

(h) independent validation of the risk rating process;

(i) management information systems that periodically provide feedback about the effectiveness of the program by senior management and the individual lending officers.

(2) 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 required by this Article.

Article IX

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a revised program, including written policies and procedures, for maintaining an adequate Allowance for Loan and Lease Losses ("Allowance") in accordance with Generally Accepted Accounting Principles ("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; and

(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 for 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) 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) The Board shall take the necessary steps to ensure that an independent review and test of the Allowance sufficiency is performed prior to the filing of each Call Report beginning with the quarter ending December 31, 2009.

(5) The Board shall engage an independent consultant or accountant to perform annual reviews of the appropriateness of the Bank's Allowance methodology. The first review shall be performed before the filing of the December 31, 2009 Call Report.

Article X

EXTERNAL LOAN REVIEW

(1) Within sixty (60) days of this Order, the Board shall employ a qualified consultant to perform semi-annual asset quality reviews of the Bank's loan portfolio. The scope of the external loan review 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 identification, type, rating, and amount of problem loans and leases;

(b) the identification and amount of delinquent and nonaccrual loans;

(c) the identification/status of credit related violations of law or regulation;

(d) loans not in conformance with the Bank’s lending policies;

(e) credit underwriting and documentation exceptions;

(f) credit analysis and documentation of such;

(g) accuracy of internal risk ratings;

(h) overall credit administration practices; and

(i) completeness and effectiveness of problem loan workout plans.

(2) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any 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. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(3) The Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action, is taken upon the findings noted in the reports.

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the books and records of the Bank.

(5) The Bank shall not terminate the consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

Article XI

INVESTMENTS

(1) Within thirty (30) days of this Order, the Board shall retain an independent accounting firm or qualified outside investment advisor to perform a review of the Bank's private label investments to ensure that such investments are valued and recorded in accordance with Generally Accepted Accounting Principles ("GAAP"), including Statement of Financial Accounting Standards No. 157 ("FAS 157"), "Fair Value Measurements," FAS 115, "Accounting for Certain Investments in Debt and Equity Securities," EITF 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," and any related FASB Staff Positions, and risk-weighted in accordance with regulatory rules and guidance. The scope of the review shall provide for a written report to be filed with the Board at the conclusion of the review that provides:

(a) a list of the private label investments along with their respective fair value estimates and any associated write-down(s) as of June 30, 2009 and September 30, 2009; and

(b) a determination of risk-weighting for each private label investment in accordance with the appendices to 12 C.F.R. Part 3 as of June 30, 2009 and September 30, 2009.

(2) Prior to the appointment or employment of any firm or consultant or entering into any contract with any firm or consultant, the Board shall submit the name and qualifications of the proposed firm or consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the firm or consultant or the scope of the review, the Board shall immediately engage the firm or consultant pursuant to the proposed terms of the engagement.

(3) The Board or a designated committee shall review the report prepared by the independent firm or consultant and ensure that, if appropriate, immediate, adequate, and continuing remedial action (including but not limited to, filing of any amended call reports), is taken upon the findings noted in the reports.

(4) The Board shall take the necessary steps to ensure that the Bank's private label investments are appropriately valued thereafter, but in no event later than the fourth quarter of 2009, in accordance with applicable Statement of Financial Accounting Standards and risk weighted in accordance with applicable regulatory rules and guidance.

Article XII

<u>VIOLATIONS OF LAW</u>

(1) The Board shall immediately take the 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 quarterly 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 XIII

CLOSING

(1) Although the Bank is required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States 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.

(3) The provisions of this Order 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.

(4) In each instance in this Order in which the Bank or the Board is required to ensure implementation of or adherence to, or to undertake to perform, an obligation of the Bank, the Board shall:

(a) authorize and adopt such actions on behalf of the Bank as may be necessary or appropriate for the Bank to perform its obligations under 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 for any non-compliance with such actions.

(5) 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 the Comptroller or the United States.

(6) The terms of this Order, 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/ 11/5/09

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: First National Bank of The Rockies Grand Junction, Colorado	)))	AA-WE-09-81

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 The Rockies, Grand Junction, 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 Bank's management oversight, credit administration, capital and strategic planning, and liquidity.

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated November 5, 2009 (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).

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 him by the several laws of the United States of America.

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

/s/	11/5/09
Karen M. Boehler Assistant Deputy Comptroller Denver Field Office	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/	11/5/09
Ronald Danner	Date
/s/	11/5/09
Carol Gentry	Date
/s/	11/5/09
J. Gentry	Date
/s/	11/5/09
Joe M. Holeyfield	Date
/s/	11/5/09
Robert Reece	Date
/s/	11/5/09
Peter Y. Waller	Date