

AGREEMENT BY AND BETWEEN
Community National Bank
Waterloo, Iowa
and
The Comptroller of the Currency

Community National Bank, Waterloo, Iowa (“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 found unsafe and unsound banking practices relating to asset quality and earnings at the Bank.

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 Sound 9th Street, Suite #800
Minneapolis, MN 55402

ARTICLE II

CAPITAL MINIMUMS

(1) The Bank shall achieve by December 31, 2009, and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to eight percent (8%) of adjusted total assets.¹
- (b) Total Risk Based Capital of at least eleven percent (11%) of risk-weighted assets.

(2) The requirement in this Agreement to meet and maintain a specific capital level means that the Bank may not 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).

(3) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);

¹ Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets.

- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs; and
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available;

(4) Prior to paying any dividends, the Board shall provide a written request to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

(5) Within thirty (30) days of determining that the Bank has failed to achieve or maintain the minimum capital ratios as required by paragraph (1) of this Article, the Board shall develop and submit a written plan to the Assistant Deputy Comptroller for her review and prior determination of no supervisory objection, describing the means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum ratios required in paragraph (1) of this Article. If the Assistant Deputy Comptroller has provided a determination of no supervisory objection to a written plan, the Bank shall implement and adhere to the written plan (hereinafter the "Accepted Plan").

(6) If the Bank fails to achieve and maintain the minimum capital ratios as required by paragraph (1) of this Article, and either fails to submit an Accepted Plan pursuant to paragraph (5) of this Article or fails to comply with an Accepted Plan; then in the sole discretion of the Assistant Deputy Comptroller, the Bank shall, upon direction of the Assistant Deputy

Comptroller, within thirty (30) days develop and submit to the Assistant Deputy Comptroller for her review and prior determination of no supervisory objection a Disposition Plan that shall detail the Board's proposal to sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181. After the Assistant Deputy Comptroller has advised the Bank that she 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 Agreement, in the exercise of the OCC's sole discretion.

ARTICLE III

CLOSING

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

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

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

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are

amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

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

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

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

statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

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

/s/

Sheila Van Ornum
Assistant Deputy Comptroller
Minneapolis Field Office

1/26/2010

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.

_____ Robert T. Buckley /s/	_____ Date 1/26/2010
_____ Kenneth A. Budke /s/	_____ Date 1/26/2010
_____ Ross D. Christensen /s/	_____ Date 1/26/2010
_____ Thomas L. Hoveland /s/	_____ Date 1/26/2010
_____ Kenneth A. Lockard /s/	_____ Date 1/26/2010
_____ David R. Mason /s/	_____ Date 1/26/2010
_____ Kathleen E. McCoy /s/	_____ Date 1/26/2010
_____ Michael L. Peterson /s/	_____ Date 1/26/2010
_____ Robert L. Smith Jr. /s/	_____ Date 1/26/2010
_____ Josef M. Vich /s/	_____ Date 1/26/2010
_____ Richard C. Young	_____ Date