

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: WN-09-036
)	
GRAND MOUNTAIN BANK, FSB)	Effective Date: November 9, 2009
)	
Granby, Colorado)	
OTS Docket No. 17950)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Grand Mountain Bank, FSB, Granby, Colorado, OTS Docket No. 17950 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Western Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, and employees shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in or counseling or aiding and abetting the unsafe or unsound practices that resulted in deteriorating asset quality,

ineffective risk management practices, and inadequate oversight and supervision of the lending function at the Association.

Capital.

2. The Association shall meet and maintain a Tier 1 Core Capital ratio equal to or greater than eight percent (8%) and a Total Risk-Based Capital ratio equal to or greater than twelve percent (12%).¹

3. Within thirty (30) days, the Association shall submit a written Capital Plan to the Regional Director for review and comment. The Capital Plan shall address how the Association will meet and maintain the capital ratios set forth in Paragraph 2 of this Order. At a minimum, the Capital Plan shall:

- (a) take into consideration the requirements and restrictions imposed by this Order;
- (b) detail capital preservation and enhancement strategies with specific narrative goals that will ensure that capital is commensurate with the risk profile of the Association;
- (c) consider and address the amount of additional capital that would be necessary to meet the capital requirements of Paragraph 2 of this Order under different forward-looking scenarios involving progressively stressed economic environments;
- (d) identify the specific sources of additional capital, if necessary, to maintain the capital requirements of paragraph 2 of this Order; and
- (e) provide for alternative methods to strengthen capital, should the primary sources identified under Paragraph (d) of this section not be available.

4. Within fifteen (15) days of receipt of any comments from the Regional Director, the Board shall make the changes, if any, to the Capital Plan required by the Regional Director. Thereafter,

¹ The requirement in this Order to meet and maintain a specific capital level means that the Association may not be deemed to be “well-capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. § 565.4(b)(i)(4).

the Board shall adopt and the Association shall implement and comply with the Capital Plan.

Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final Capital Plan to the Regional Director.

5. After implementation of the Capital Plan, Management shall prepare monthly variance reports on the Association's compliance with the Capital Plan within thirty (30) days after the month ending December 2009. Such variance reports shall: (a) detail actual operating results versus projected results; (b) include detailed explanations of any material deviations; and (c) include a description of the specific corrective actions or measures that have been implemented or are proposed to address each material deviation.

6. The Board's review of the monthly variance reports and evaluation of Management and the Association's compliance with the elements of the Capital Plan shall be thoroughly documented in the Board meeting minutes. The Association shall submit the Board meeting minutes to the Regional Director within five (5) days of the Board meeting.

7. Within fifteen (15) days of the date the Association does not meet the required Tier 1 Core Capital Ratio of eight percent (8%) or the Total Risk-Based Capital ratio of twelve percent (12%) following October 2009, or that the Association is not in compliance with the Capital Plan implemented pursuant to Paragraph 3 of this Order, or from any request by the Regional Director for the submission of a Contingency Plan, the Board shall submit a Contingency Plan to the Regional Director for review and written notice of non-objection. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by another federally insured depository institution or holding company thereof; or (b) voluntary liquidation by filing an appropriate application with OTS in conformity with federal laws and regulations. Within fifteen

(15) days of the receipt of any comments from the Regional Director, the Board shall make the changes, if any, to the Contingency Plan required by the Regional Director. Thereafter, the Board shall adopt the Contingency Plan. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final Contingency Plan to the Regional Director. The Association shall immediately implement the Contingency Plan when directed to do so by the Regional Director.

8. Once the Contingency Plan has been implemented, the Association shall provide written status reports to the Regional Director detailing the Association's actions taken and progress in executing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following the implementation of the Contingency Plan until such time as the Association has a Tier 1 core capital ratio of at least eight percent (8%) and a total risk-based capital ratio of at least twelve percent (12%) and is in compliance with its Capital Plan. The status reports shall detail any contacts with investment bankers, any parties doing due diligence, any offers relating to an acquisition or a merger, or the execution of binding letters of intent or purchase.

Business Plan.

9. Within sixty (60) days, the Association shall submit a written comprehensive long-term Business Plan covering the remainder of 2009 through 2012 to the Regional Director for review and comment. The Business Plan shall be based upon a comprehensive review of the Association's operations, including the risks and returns of each of its business lines, current and projected capital levels, available resources, and market conditions. At a minimum, the Business Plan shall address or include the following matters or items:

- (a) a thorough discussion of the Association's existing and future operations and lines of business for the time period covered by the Business Plan;

- (b) a detailed analysis of the risks, including concentration risks, attendant to the activities projected in the Business Plan together with a description of the steps to be taken to mitigate and reduce such risks to the Association to levels acceptable to the Regional Director;
- (c) defined strategies for capital preservation and enhancement commensurate with the risk profile of the Association and that ensure compliance with the requirements of Paragraph 2; and
- (d) pro forma balance sheets, income statements and regulatory capital schedules for each quarter of the time period covered by the Business Plan.

10. The Business Plan shall be delivered to the Regional Director for review and non-objection no later than five (5) days after approval by the Board. The Board shall make any changes to the Business Plan required by the Regional Director, if any, within fifteen (15) days after receipt. Thereafter, the Board shall adopt the Business Plan and shall ensure that the Association adheres to it. Any request to modify the Business Plan shall be submitted to the Regional Director for review and written non-objection at least thirty (30) days prior to the proposed date to implement any such modification.

Credit Administration.

11. Within sixty (60) days, the Association shall submit revised policies and procedures governing credit administration (Credit Administration Policy) to the Regional Director for review and comment. The Credit Administration Policy shall be consistent with the guidance in Examination Handbook Section 201, and shall provide at a minimum for:

- (a) timely receipt and review (both initially and on an ongoing basis) of borrower financial statements (including operating statements for business and collateral properties);

- (b) appropriate collateral administration and control, including type and frequency of collateral evaluations;
- (c) timely site inspections performed by an independent party that adequately documents and supports the current status of the project;
- (d) assembling all loan documentation in a single file location to facilitate continuous oversight of the lending relationship;
- (e) identification and monitoring of troubled loans; and
- (f) specified loan refinancing and modification guidelines and procedures, including a requirement of written modification requests from the borrower and adequate documentation in the loan file of the current financial position of all borrowers and guarantors, if any, and their ability to repay the loan, the current status of the loan collateral, and a description of the reasons why the refinance or modification is in the best financial interest of the Association.

12. Within fifteen (15) days of receiving any comments from the Regional Director, the Board shall make the changes, if any, to the Credit Administration Policy required by the Regional Director. Thereafter, the Board shall adopt and shall cause the Association to implement and comply with the final Credit Administration Policy. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final Credit Administration Policy to the Regional Director.

Allowance for Loan and Lease Losses.

13. Within fifteen (15) days, the Association shall identify to the Regional Director, for review and written non-objection, the name of a proposed independent, third-party consultant (ALLL Consultant) to conduct a review of the Association's allowance for loan and lease losses (ALLL) to assess whether: (a) the Association's ALLL methodology is consistent with regulatory requirements

and guidance, including, but not limited to 12 C.F.R. § 560.160, Section 260 of OTS Examination Handbook (Adequacy of Valuation Allowances), OTS CEO Letter No. 250: Interagency Policy Statement on the Allowance for Loan and Lease Losses and Questions and Answers on Accounting for Loan and Lease Losses (2006 ALLL Policy Statement), and OTS CEO Letter No. 304: ALLL – Observed Thrift Practices Including Sound Practices, and Statement of Financial Accounting Standards (SFAS) Nos. 5 and 114; and (b) the Association’s ALLL is adequate given the Association’s risk profile and in light of the IAR Report required by Paragraph 22 of this Order. Within fifteen (15) business days of being notified that the proposed ALLL Consultant is acceptable to the Regional Director, the Association shall retain the ALLL Consultant to deliver the ALLL Report described in the following paragraph within thirty (30) days of being retained.

14. The ALLL Consultant shall deliver a final, written report (ALLL Report) containing the findings and recommendations of the ALLL Consultant to the Regional Director and the Board. Thereafter, the Board shall submit to the Regional Director for review and comment a written plan that addresses the findings and recommendations contained in the ALLL Report and describes the specific actions that the Association proposes to take to implement the recommendations of the ALLL Report, including a revised ALLL Policy and calculation of increases to the ALLL for the Association for inclusion in the Thrift Financial Report to be filed as of December 31, 2009.

15. Within fifteen (15) days of receiving any comments from the Regional Director, the Board shall make the changes, if any, to the ALLL Policy required by the Regional Director. Thereafter, the Board shall adopt and shall cause the Association to implement and comply with the final ALLL Policy. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final ALLL Policy to the Regional Director.

Liquidity.

16. Within thirty (30) days, the Association shall submit a comprehensive Liquidity Plan to the Regional Director for review and comment. The Liquidity Plan shall contain specific Board strategies for ensuring that the Association maintains adequate short-term and long-term liquidity to withstand any anticipated or extraordinary demand against its funding base. At a minimum, the Liquidity Plan must include: (a) a cash flow analysis that includes reasonable assumptions, identifies anticipated funding needs and the sources of liquidity to meet those needs, considers the level and maturity of brokered deposits, and addresses potential contingent liabilities; and (b) identification of alternative funding sources to meet extraordinary demands, at a minimum, the selling of assets, obtaining lines of credits from correspondent institutions, recovering charged-off assets, or injecting additional equity capital. Further, the Liquidity Plan shall require provision of regular liquidity reports to the Board and the Regional Director in a frequency required by the Regional Director.

17. Within fifteen (15) days of receipt of any comments from the Regional Director, the Board shall make the changes, if any, to the Liquidity Plan required by the Regional Director. Thereafter, the Board shall adopt and the Association shall implement and comply with the Liquidity Plan. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final Liquidity Plan to the Regional Director.

18. Any request to modify the Liquidity Plan shall be submitted to the Regional Director for review and written non-objection at least thirty (30) days prior to the proposed date to implement any such modification.

Construction and Land Loans.

19. Effective immediately, the Association shall not make, purchase, or commit to make or purchase new construction or land loans.

20. Effective immediately, the Association shall not refinance, extend or make or commit to make renewals or modifications of existing construction or land loans, except for the refinancing of a construction loan into a permanent loan, unless it first: (a) provides the Regional Director with a minimum of thirty (30) days advance notice of a proposed renewal or modification, including all documentation required to evaluate the proposal; and (b) receives a written notice of non-objection from the Regional Director.

Internal Asset Review (IAR).

21. Within fifteen (15) days, the Association shall identify to the Regional Director, for review and written non-objection, the name of a proposed independent, third-party consultant (IAR Consultant) acceptable to the Regional Director to conduct a review of: (a) the Association's internal asset review program to assess whether the Association's IAR Policy is consistent with regulatory requirements and guidance, including, but not limited to 12 C.F.R. § 560.160, Section 260 of OTS Examination Handbook; and (b) the assets of the Association sufficient to assess whether they are appropriately classified, and if not, to provide appropriate classifications for misclassified assets. Within fifteen (15) business days of receipt of written notice that the proposed IAR Consultant is acceptable to the Regional Director, the Association shall retain the IAR Consultant to deliver the IAR Report described in the following paragraph within thirty (30) days of being retained.

22. Within thirty (30) days, the IAR Consultant shall deliver a final, written report (IAR Report) containing the findings and recommendations of the IAR Consultant to the Regional Director and the Board. Thereafter, the Board shall submit to the Regional Director for review and comment a written plan that addresses the findings and recommendations contained in the IAR Report and describes the specific actions that the Association proposes to take to implement the

recommendations of the IAR Report, including a revised IAR Policy and a listing of classification changes by the Association.

23. Within fifteen (15) days of receiving any comments from the Regional Director, the Board shall make the changes, if any, to the IAR Policy required by the Regional Director. Thereafter, the Board shall adopt and shall cause the Association to implement and comply with the final IAR Policy. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final IAR Policy to the Regional Director.

Classified Asset Reduction Plan.

24. Within sixty (60) days, the Association shall submit to the Regional Director for review and comment a written comprehensive Classified Asset Reduction Plan that will return asset quality to a level satisfactory to the Regional Director. At a minimum, the Classified Asset Reduction Plan shall include:

- (a) targets and time frames acceptable to the Regional Director for returning classified assets to twenty-five percent (25%) or less of Tier 1 Capital plus Allowance for Loan and Lease Losses; and
- (b) supporting documentation for all assumptions and projections.

25. The Classified Asset Reduction Plan shall be delivered to the Regional Director for review and non-objection no later than five (5) days after approval by the Board. The Board shall make any changes to the Classified Asset Reduction Plan required by the Regional Director, if any, within fifteen (15) days after receipt. Thereafter, the Board shall adopt the Classified Asset Reduction Plan and shall ensure that the Association adheres to it. Any request to modify the Classified Asset Reduction Plan shall be submitted to the Regional Director for review and written non-objection at least thirty (30) days prior to the proposed date to implement any such modification.

Management.

26. Within thirty (30) days, the Association shall to the Regional Director, for review and written non-objection, the name and résumé of an experienced, independent third-party consultant to conduct a management study of the Association (Management Consultant). At a minimum, the Management Consultant shall be retained to assess the adequacy of the Association's management resources and structure to support: (a) current and projected operations; (b) risk management practices for the size and complexity of the Association; and (c) oversight and supervision of the lending function. The Association shall retain the Management Consultant within fifteen (15) days of receipt of the Regional Director's written non-objection.

27. Within thirty (30) days of the date of the Association's engagement of the Management Consultant, the Management Consultant shall deliver a final, written report (Management Report) containing the findings and recommendations of the Management Consultant to the Regional Director and the Board.

28. Within fifteen (15) days of receipt of the Management Report, the Board shall submit to the Regional Director for review and comment a written plan that addresses the findings and recommendations contained in the Management Report and describes the specific actions that the Association proposes to take to implement the recommendations of the Management Report (Management Plan). Within fifteen (15) days of receipt of any comments from the Regional Director, the Board shall make the changes, if any, to the Management Plan required by the Regional Director. Within five (5) days of the Board meeting at which it was adopted, the Association shall provide a copy of the final Management Plan to the Regional Director.

29. Any request to modify the Management Plan shall be submitted to the Regional Director for review and written non-objection at least thirty (30) days prior to the proposed date to implement any such modification.

Concentrations Risk Management Policy.

30. Within sixty (60) days, the Board shall adopt a Concentrations Risk Management Policy that provides for the assessment, monitoring, and control of the potential concentration risks for all assets other than conforming SFR loans and for all funding sources, including, but not limited to, brokered deposits, uninsured deposits, Federal Home Loan Bank advances and other borrowings. The Concentrations Risk Management Policy, at a minimum, shall address:

- (a) the identification and quantification of the nature and level of risk presented by the concentrations;
- (b) specific policy limits by loan category, as a percentage of Tier 1 Core Capital plus Allowance for Loan and Lease Losses (ALLL) to reflect the level of risk acceptable to the Board based on the Association's market position, historical experience, trade area, probable future loan and funding trends, staff capabilities, and technological resources;
- (c) the applicable guidelines of OTS CEO Letter No. 245, entitled "Updated Director's Responsibility Guide and Guide to Management Reports";
- (d) the establishment of a portfolio management process to evaluate the overall exposure to economic risk factors and to develop strategic plans to mitigate concentration risk in the event of adverse market conditions;
- (e) appropriate management information systems and data collection to generate board and management oversight reports;
- (f) the requirement of stress tests or sensitivity analyses of the identified concentrations and portfolio segments with common risk characteristics, over specific time periods, to quantify the impact of changing economic scenarios on asset quality, earnings, and capital conditions, including, but not limited to, those affecting certain relevant industries or sectors on asset quality, earnings, and capital;

- (g) the development of a management information system that stratifies the Association's concentrations by key factors used in delineating risks and establishment of internal controls to monitor compliance with the concentration limits;
- (h) the Board's periodic review and approval of limits on the concentrations; and
- (i) internal controls and internal audit processes sufficient to assess the adequacy of the Association's concentration risk management.

31. From the date of the adoption of the Concentrations Risk Management Policy, the Association shall implement and comply with the Concentrations Risk Management Policy. Within five (5) days after the Board approval, the Board shall provide the Regional Director with a copy of the Concentrations Risk Management Policy and a certified copy of the Board meeting minutes reflecting the Board's discussion and action.

Severance Payments.

32. Effective immediately, the Association shall not make any golden parachute payment² unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359.

Directorate and Management Changes.

33. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers³ set forth in 12 C.F.R. Part 563, Subpart H.

Compensation.

34. Effective immediately, the Association shall not enter into, renew, extend, or revise any contractual arrangement related to compensation or benefits with any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30)

² The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

³ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), 12 C.F.R. Part 570 – Appendix A, and 31 C.F.R. Part 30.

Third-Party Contracts.

35. Effective immediately, the Association shall not enter into any third-party contracts with a value in excess of one percent (1%) of the Association's Tier 1 capital, except for contracts in the normal course of business, without the prior written non-objection of the Regional Director. To obtain such written notice of non-objection, the Association shall provide a thirty (30)-day advance written notice to the Regional Director of any such proposed contract. At a minimum, such notice shall set forth the Association's reasons for seeking the contract and include a copy of the proposed contract that is in accordance with Section 310 of the OTS Examination Handbook and the OTS Thrift Bulletin 82a.

Transactions with Affiliates.

36. Pursuant to 12 C.F.R. § 563.41(c)(4), the Association shall not engage in any transaction with any affiliate (other than exempt transactions under 12 C.F.R. Part 223) without the prior written non-objection of the Regional Director, except for transactions or agreements existing as of the date of this Order that are in compliance with 12 C.F.R. § 563.41 and 12 C.F.R. Part 223. The Association's written request, at a minimum, shall include: (a) a description of the proposed transaction; (b) copies of all pertinent transaction documents; and (c) a reasoned legal opinion, signed by counsel experienced in the application of transactions with affiliates rules, forming a conclusion about

whether the proposed transaction comports with 12 U.S.C. §§ 371c and 371c-1, 12 C.F.R. Part 223, and 12 C.F.R. §§ 563.41, 563.170(c), 563.200, and 563.201.

Brokered Deposits Restriction.

37. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b)(2) and shall not, without obtaining the prior written approval of the Federal Deposit Insurance Corporation (FDIC) pursuant to 12 C.F.R. § 337.6(c): (a) accept, renew or roll over any brokered deposit, as that term is defined at 12 C.F.R. § 337.6(a)(2); or (b) act as a deposit broker, as that term is defined at 12 C.F.R. § 337.6(a)(5).

Growth Restriction.

38. Effective immediately, the Association is subject to and shall comply with the requirements and provisions of OTS Regulatory Bulletin (RB) 3b. Without the prior written approval of the Regional Director, the Association shall not increase its total assets during any quarter, beginning with the quarter ending September 30, 2009, in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall remain in effect until OTS review and approval of the Association's Business Plan under Paragraph 9 of this Order.

Dividend Restriction.

39. Effective immediately, the Association shall pay no dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval should be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

Effective Date, Incorporation of Stipulation.

40. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

41. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

42. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

43. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

44. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

45. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first-class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) To the OTS:

C.K. Lee, Regional Director
Office of Thrift Supervision, Western Region
225 E. John Carpenter Freeway, Suite 500
Irving, TX 75062-2326

With a copy to:

Nicholas J. Dyer, Assistant Director
Office of Thrift Supervision, Western Region
2001 Junipero Serra Boulevard, Suite 650
Daly City, CA 94014-3897

(b) To the Association:

John B. Selman, Chairman
Grand Mountain Bank, FSB
Post Office Box 964
Granby, CO 80446

No Violations Authorized.

46. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
C.K. Lee
Regional Director, Western Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: WN-09-036
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)	
GRAND MOUNTAIN BANK, FSB)	Effective Date: November 9, 2009
)	
Granby, Colorado)	
OTS Docket No. 17950)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Grand Mountain Bank, FSB, Granby, Colorado, OTS Docket No. 17950 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its field visit conducted as of June 15, 2009, of the Association, the OTS finds that the Association has engaged in unsafe and unsound banking practices which have resulted in deteriorating asset quality, ineffective risk management practices, and inadequate oversight and supervision of the lending function at the Association.

Consent.

4. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

5. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

6. The Association waives the following:
- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
 - (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

8. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

10. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

13. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

GRAND MOUNTAIN BANK, FSB
Granby, Colorado

OFFICE OF THRIFT SUPERVISION

By: _____/s/
John B. Selman, Chairman

By: _____/s/
C.K. Lee
Regional Director, Western Region

Date: See Effective Date on page 1

_____/s/
Alan Carter, Director

_____/s/
Frank DeLay, Director

_____/s/
Mark Lund, Director

_____/s/
Mac McLennan, Director

_____/s/
James Roberts, Director

_____/s/
Tim Thorpe, Director

_____/s/
Michael Tompkins, Director

_____/s/
Lorence Wheeler, Director