UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
SALEM, OREGON

Written Agreement by and among COMMUNITY FIRST BANK Prineville, Oregon FEDERAL RESERVE BANK OF SAN FRANCISCO San Francisco, California and OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES Salem, Oregon	Docket Nos. 09-039-WA/RB-SM

WHEREAS, in recognition of their common goal to maintain the financial soundness of Community First Bank, Prineville, Oregon (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of San Francisco (the "Reserve Bank"), and the Director of the State of Oregon's Department of Consumer and Business Services acting through the Administrator of the Division of Finance and Corporate Securities (the "DFCS") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on March 26, 2009, the board of directors of the Bank, at a duly constituted meeting, adopted resolutions authorizing and directing Robin Freeman to enter into this Agreement on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1813(u)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank, the Reserve Bank and the DFCS, agree as follows:

Board Oversight

1. Within 60 days of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and the DFCS a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank's condition and maintain effective control over and supervision of the Bank's senior management and major operations and activities, including, at a minimum, loan underwriting, credit administration, and processes to mitigate risks associated with credit concentrations;

(b) the responsibility of the board of directors to monitor management's adherence to approved policies and procedures, and applicable laws and regulations; and

(c) a description of the information and reports that will be regularly reviewed by the board of directors in its oversight of the operations and management of the Bank, including information on the Bank's adversely classified assets, allowance for loan and lease losses ("ALLL"), capital, earnings, and liquidity.

Management Review

2. (a) Within 60 days of this Agreement, the board of directors of the Bank shall conduct an analysis and assessment of the Bank's management and staffing needs and qualifications, with particular emphasis on management of concentrations of commercial real estate ("CRE") loans, ALLL, and liquidity (the "Management Review"). The primary purpose of the Management Review shall be to aid in the development of a management structure suitable to the Bank that is adequately staffed by qualified and trained personnel. The Management Review shall, at a minimum, address, consider, and include:

(i) the identification of the type and number of officers needed to manage and supervise properly the affairs of the Bank;

(ii) an evaluation of each officer to determine whether the individual possesses the ability, experience, and other qualifications required to perform competently present and anticipated duties, including the ability to comply with applicable laws and regulations, adhere to the Bank's established policies and procedures, restore and maintain the Bank to a safe and sound condition, and comply with the requirements of this Agreement; and

(iii) the establishment of a formal organizational structure that provides for clear lines of authority and responsibility for monitoring adherence to established policies and procedures.

3. Upon completion of the Management Review, the board of directors of the Bank shall forward to the Reserve Bank and the DFCS a written management plan that includes findings and conclusions of the Management Review, and a description of

specific actions that the board of directors proposes to take to strengthen the Bank's management, including but not limited to plans to hire or appoint additional or replacement personnel.

Credit Risk Management

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan to strengthen credit risk management practices. The plan shall, at a minimum, address, consider, and include:

(a) Policies and procedures to identify, limit, and manage concentrations of credit that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, dated December 12, 2006 (SR 07-1);

(b) measures to reduce CRE risk;

(c) procedures to periodically review and adjust risk exposure limits to address changes in market conditions; and

(d) incorporation of CRE risk into the Bank's strategic and capital planning processes.

Appraisal and Appraisal Review Program

5. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written program for real estate appraisals and appraisal reviews that is consistent with the Interagency Statement on Independent Appraisal and Evaluation Functions dated October 27, 2003 (SR 03-18), and Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994 (SR 94-55), as well as the requirements of Subpart G of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart G)

made applicable to state member banks by section 208.50 of Regulation H of the Board of Governors (12 C.F.R. § 208.50). The program shall, at a minimum, provide for:

(a) Written standards for when reappraisals and reevaluations must be conducted, including, but not limited to, when loans are renewed or when there are changes in the market conditions or the condition of the collateral; and

(b) enhanced appraisal review procedures that verify that appraisals have used appropriate methods, assumptions, and conclusions and are reasonable, appropriate, and comply with the Uniform Standards of Professional Appraisal Practice.

Loan Review

6. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan to strengthen the Bank's independent loan review program and identification of problem credits that shall, at a minimum, address, consider, and include:

(a) The scope and frequency of the loan review;

(b) loan grading standards and criteria for assessing the credit quality of the loans;

(c) loan grading descriptions and a scale that adequately identifies the degree of risk of the loans;

(d) application of loan grading standards and criteria to the loan portfolio;

(e) identification of any loan that is not in conformance with the Bank's loan policy; and

(f) quarterly written reports to the Bank's board of directors that identify loans that are not in conformance with the Bank's loan policy, the status of loans that are adversely graded, and the prospects for full collection or strengthening of the quality of adversely graded loans.

Credit Administration

7. (a) Within 60 days of this Agreement, the Bank shall take all steps necessary to correct all documentation and credit information deficiencies referenced in the report of examination of the Bank conducted by the DFCS and the Reserve Bank that commenced on September 29, 2008 (the "Report of Examination"). In all cases where the Bank is unable to obtain needed documentation or credit information, it shall document in written memoranda the actions taken to secure the information and the reason the information could not be obtained, and shall maintain such documentation in the credit file for subsequent supervisory review.

(b) The Bank shall adopt written procedures designed to ensure the timely receipt of complete loan documentation and to minimize loan documentation exceptions. The Bank shall provide to the Reserve Bank and the DFCS a copy of the procedures and a list of resolved document exceptions within 120 days of this Agreement.

Asset Improvement

8. (a) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, who is obligated to the Bank in any manner on any extension of credit or portion thereof that has been charged off by the Bank or classified, in whole or in part, "loss" in the

Report of Examination or in any subsequent report of examination, as long as such credit remains uncollected.

(b) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been classified "doubtful" or "substandard" in the Report of Examination or in any subsequent report of examination, without the prior approval of the Bank's board of directors. The board of directors shall document in writing the reasons for the extension of credit or renewal, specifically certifying that: (i) the extension of credit is necessary to protect the Bank's interest in the ultimate collection of the credit already granted or (ii) the extension of credit is in full compliance with the Bank's written loan policy, is adequately secured, and a thorough credit analysis has been performed indicating that the extension or renewal is reasonable and justified, all necessary loan documentation has been properly and accurately prepared and filed, the extension of credit will not impair the Bank's interest in obtaining repayment of the already outstanding credit, and the board of directors reasonably believes that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the board of directors meetings, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review. For purposes of this Agreement, the term "related interest" is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

9. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of $500,000, including OREO, that (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination. In developing the plan for each loan, the Bank shall, at a minimum, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) Within 30 days of the date that any additional loan or other asset in excess of $500,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the DFCS to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, extension report, and past due/non-accrual report. The board of directors shall review the progress reports before submission to the Reserve Bank and the DFCS and shall document the review in the minutes of the board of directors' meetings.

Allowance for Loan and Lease Losses

10. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter the Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and the DFCS.

(b) Within 60 days of this Agreement, the Bank shall review and revise its allowance for ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and the DFCS. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank's loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectability.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the volume of adversely classified assets;

(c) the adequacy of the ALLL;

(d) any planned asset growth;

(e) the anticipated level of retained earnings;

(f) anticipated and contingent liquidity needs; and

(g) the source and timing of additional funds to fulfill the future capital and ALLL needs of the Bank.

12. The board of directors of the Bank shall monitor and review the sufficiency of the Bank's capital on a monthly basis and shall: (i) notify the Reserve Bank and the DFCS, in writing, no more than 30 days after the end of any quarter in which the Bank's capital ratios (total risk-based, tier 1 risk-based, or leverage) fall below the plan's minimum ratios; and (ii) submit simultaneously to the Reserve Bank and the DFCS an acceptable written plan that details the steps that the Bank will take to increase the Bank's capital ratios above the plan's minimums.

Strategic Plan and Budget

13. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an updated written strategic plan to improve the Bank's earnings and overall condition, and a budget for 2009 that shall, at a minimum, provide for or describe:

(i) goals and strategies for improving the Bank's earnings;

(ii) identification of the major areas where, and means by which, the board of directors and management shall seek to improve the Bank's earnings and operating performance;

(iii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components; and

(iv) a realistic and comprehensive budget for calendar year 2009, including income statement and balance sheet projections.

(b) A strategic plan and budget for each calendar year subsequent to 2009 shall be submitted to the Reserve Bank and the DFCS at least 30 days prior to the beginning of that calendar year.

Liquidity and Funds Management

14. Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable written plan designed to improve management of the Bank's liquidity position. The plan shall, at a minimum, address, consider, and include:

(a) Measures to enhance the monitoring and reporting of the Bank's liquidity position;

(b) reduced reliance on short-term wholesale funding;

(c) measures to diversify funding sources; and

(d) specific liquidity targets.

15. Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS an acceptable revised written contingency funding plan that includes, at a minimum: (i) analysis of additional liquidity sources; and (ii) adverse scenario analyses to assess possible liquidity events that the Bank may encounter and identify responses to the potential impact of such events on the Bank's short-term, intermediate-term, and long-term liquidity profile.

Dividends

16. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and the DFCS.

(b) All requests for prior approval shall be received at least 30 days prior to the proposed dividend declaration date. All requests shall contain, at minimum, current and projected information, as appropriate, on the Bank's capital, asset quality, earnings, and ALLL needs; and identification of the sources of funds for the proposed payment. For requests to declare or pay dividends, the Bank, must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985
(Federal Reserve Regulatory Service, 4-877 at page 4-323).

Compliance with Laws and Regulations

17. (a) The Bank shall take all actions necessary to eliminate or correct the violations of section 208.50(b) of Regulation H of the Board of Governors (12 C.F.R. § 208.50(b)) cited in the Report of Examination.

(b) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(c) The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Compliance with the Agreement

18. (a) Within 10 days of this Agreement, the board of directors shall appoint a compliance committee (the "Compliance Committee") to monitor and coordinate the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall include at least three outside directors who are not executive officers or principal shareholders of the Bank, as defined in sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the Bank shall submit to the Reserve Bank and the DFCS written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans, Policies, Procedures, and Programs

19. (a) The Bank shall submit written plans, policies, procedures, and programs that are acceptable to the Reserve Bank and the DFCS within the applicable time periods set forth in paragraphs 4, 5, 6, 9, 10(c), 11, 14, and 15 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the DFCS, the Bank shall adopt the approved plans, policies, procedures, and programs. Upon adoption, the Bank shall promptly implement the approved plans, policies, procedures, and programs, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans, policies, procedures, and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank and the DFCS.

Communications

20. All communications regarding this Agreement shall be sent to:

(a) Mr. Kevin Zerbe
Vice President
Banking Supervision and Regulation
Federal Reserve Bank of San Francisco
101 Market Street, Mail Stop 920
San Francisco, California 94105

(b) Mr. Richard Renken
Banks and Trusts Program Manager
State of Oregon, Department of Consumer and Business Services
Division of Finance and Corporate Securities
350 Winter Street NW, Room 410
Salem, Oregon 97309-0405

(c) Mr. Robin Freeman
President and Chief Executive Officer
Community First Bank
555 NW Third Street
Prineville, Oregon 97754

Miscellaneous

21. Notwithstanding any provision of this Agreement, the Reserve Bank and the DFCS may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

22. The provisions of this Agreement shall be binding upon the Bank, and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

23. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the DFCS.

24. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the DFCS, or any other federal or state agency from taking any other action affecting the Bank, or any of its current or former institution-affiliated parties and their successors and assigns.

25. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 9th day of April, 2009.

COMMUNITY FIRST BANK

By: /s/ Robin Freeman
Robin Freeman
President and Chief Executive Officer

FEDERAL RESERVE BANK OF SAN FRANCISCO

By: /s/ David Reiser
David Reiser
Examining Officer

OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

By: /s/ David C. Tatman
David C. Tatman
Administrator