

COMMUNITY NATIONAL BANK OF THE LAKEWAY AREA

COMPENSATION COMMITTEE CHARTER

Adopted: July 17, 2006

Purpose

The Compensation Committee is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Bank's directors and officers and to carry out such other responsibilities as may be assigned to the Compensation Committee by the Board from time to time. The Committee has overall responsibility for evaluating the director and officer compensation plans and compensation policies and programs of the Bank, and submitting such evaluations to the independent directors of the entire board for their approval.

Committee Membership

The Compensation Committee shall consist of no fewer than three members. The members of the Compensation Committee shall meet the independence requirements of the Nasdaq Stock Market. The members of the Compensation Committee shall be appointed by, and may be replaced by, the Board.

The CEO and the President may participate in Compensation Committee meetings in an ex-officio capacity; provided, however, the CEO may not be present during any voting or deliberations regarding the compensation of the CEO, and the President may not be present during any voting or deliberation regarding compensation of the President.

Committee Authority and Responsibilities

1. The Compensation Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO, President or senior executive compensation and shall have authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
2. The Compensation Committee shall annually evaluate adherence by the CEO and CFO to the Bank's Code of Conduct and take such evaluation into account in recommending to the Board their respective compensation levels.
3. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO and President compensation, evaluate the performance of the CEO and the President in light of those goals and objectives, and recommend to the Board the compensation levels of the CEO and the President based on this evaluation. In recommending the long-term incentive component of CEO and President compensation, the Compensation Committee will consider among other relevant factors the Bank's performance

and relative shareholder return, the value of incentive awards to CEOs and Presidents at comparable companies, and the awards given to the CEO and the President in past years.

4. The Compensation Committee shall:
 - a. annually review and make recommendations to the Board with respect to the compensation of all directors and senior executives, including incentive-compensation plans and equity-based plans.
 - b. except as otherwise provided in any applicable employment agreement, annually review and recommend to the Board for approval (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits for the CEO, the President and the senior executives of the Bank.
 - c. make certain that all compensation arrangements comply with all applicable law.
5. The Compensation Committee may form and delegate authority to subcommittees when appropriate.
6. The Compensation Committee shall make regular reports to the Board and shall annually prepare or provide to the Board and management all necessary information regarding executive compensation required to be disclosed in the Bank's periodic reports and proxy statements filed with the Office of the Comptroller of the Currency.

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