

COMMUNITY NATIONAL BANK OF THE LAKEWAY AREA

**225 West First North Street
Morristown, Tennessee 37814**

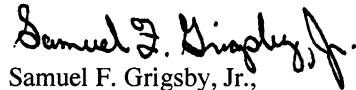
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 20, 2011**

Notice is hereby given that the Annual Meeting of Shareholders of Community National Bank of the Lakeway Area (the "Bank") will be held at 10:00 a.m. EDT, on June 20, 2011 at the Rose Center, 442 West Second North Street, Morristown, Tennessee 37814, for the following purposes:

1. Electing Directors. To elect four (4) directors to serve as Class II Directors of the Bank until the 2014 Annual Meeting of Shareholders and until their successors have been elected and qualified.
2. Ratifying Auditors. To ratify the appointment of Pershing Yoakley & Associates, P.C. as the independent auditors for the Bank for the fiscal year ending December 31, 2011.
3. Other Business. To transact such other business as may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

Shareholders of record at the close of business on May 6, 2011 are entitled to notice of the Annual Meeting of Shareholders and any adjournment or postponement of the Annual Meeting of Shareholders. Shareholders of record of shares of the Bank's common stock at the close of business on May 6, 2011 are entitled to vote.

By order of the Board of Directors



Samuel F. Grigsby, Jr.,
Chairman and Chief Executive Officer

**COMMUNITY NATIONAL BANK
OF THE LAKEWAY AREA
225 West First North Street
Morristown, Tennessee 37814
(423) 587-2345**

**PROXY STATEMENT
For the Annual Meeting of Shareholders
To Be Held on June 20, 2011**

INFORMATION REGARDING THE ANNUAL MEETING OF SHAREHOLDERS

Time and Place and Purpose of Meeting

The Board of Directors of Community National Bank of the Lakeway Area (“Community National Bank” or the “Bank”) is furnishing this Proxy Statement in connection with its solicitation of proxies for use at the Annual Meeting of Shareholders. Shareholders owning common stock will be asked to vote on the following proposals, which are each described in greater detail below, including (i) a proposal to elect directors; and (ii) a proposal to ratify the appointment of Pershing Yoakley & Associates, P.C.; and (iii) any other business that may properly come before the Annual Meeting.

We are soliciting proxies through this proxy statement for use at the annual meeting of Community National Bank shareholders. The annual meeting will be held at 10:00 a.m., local time, on Monday, June 20, 2011, at the Rose Center, 442 West Second North Street, Morristown, Tennessee 37814.

Record Date and Mailing Date

The close of business on May 6, 2011 is the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting. The date of proxy statement is May 16, 2011. We first mailed the proxy statement on or about May 19, 2011.

Number of Shares Outstanding

As of the close of business on the record date, Community National Bank had 4,000,000 shares of common stock authorized, of which 1,756,027 shares were issued and outstanding, 200,000 shares of Class A preferred stock were authorized of which 113,809 were issued and outstanding, and 100,000 shares of Class B preferred stock were authorized of which 21,590 were issued and outstanding. Each outstanding share of our common stock is entitled to one vote on all matters presented at the meeting. Shares of our Class A Preferred Stock and Class B Preferred stock are not entitled to vote on any of the matters to be presented at the annual meeting and are not counted for purposes of determining a quorum.

Proposals to be Considered

Shareholders holding common stock will be asked to vote on the following proposals:

1. Electing Directors. To elect four (4) directors to serve as Class II Directors of the Bank until the 2014 Annual Meeting of Shareholders and until their successors have been elected and qualified.
2. Ratifying Auditors. To ratify the appointment of Pershing Yoakley & Associates, P.C. as the independent auditors for the Bank for the fiscal year ending December 31, 2011.
3. Other Business. To transact such other business as may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

Procedures for Voting by Proxy

If you properly sign, return and do not revoke your proxy, the persons appointed as proxies will vote your shares according to the instructions you have specified on the proxy. If you sign and return your proxy but do not specify how the persons appointed as proxies are to vote your shares, your proxy will be voted **FOR** approval of each of the proposals identified in this proxy statement, and

in the best judgment of the persons appointed as proxies on all other matters that are unknown to us as of a reasonable time prior to this solicitation and that are properly brought before the annual meeting.

You can revoke your proxy at any time before it is voted by delivering to Community National Bank's Corporate Secretary, 225 West First North Street, Morristown, Tennessee 37814, either a written revocation of the proxy or a duly signed proxy bearing a later date or by attending the annual meeting and voting in person.

Requirements for Shareholder Approval

A quorum will be present at the meeting if a majority of the outstanding shares of Community National Bank common stock are represented in person or by valid proxy. Based on the 1,756,027 shares outstanding as of the record date, a quorum will consist of 878,014 shares represented either in person or by proxy. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

Proposal One, relating to the election of four Class II Directors, requires approval by a plurality of the votes cast by the holders of shares of common stock entitled to vote with respect to this proposal. For example, the four (4) nominees to serve as Class II Directors receiving the greatest number of votes will be elected. Abstentions and broker non-votes will have no effect on the outcome of the vote with respect to this proposal.

Proposal Two, as well as any other proposal that is properly brought before the Annual Meeting, will require more votes cast in favor of such proposal than against the proposal. Abstentions and broker non-votes will have no effect on the outcome of the vote with respect to these proposals.

Community National Bank's directors and executive officers beneficially own 425,153 shares, representing approximately 24.2% of the outstanding shares of common stock. All of the directors and executive officers, including all independent directors, have indicated that they each intend to vote his or her shares in favor of each of these proposals.

Abstentions and Broker Non-Votes. A shareholder who is present in person or by proxy at the Annual Meeting and who abstains from voting on any or all proposals will be included in the number of shareholders present at the Annual Meeting for the purpose of determining the presence of a quorum. Abstentions do not count as votes in favor of or against a given matter.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that contain a broker vote on one or more proposals but no vote on one or more other proposals are referred to as "broker non-votes" with respect to the proposal(s) not voted upon. Broker non-votes are included in determining the presence of a quorum. A broker non-vote, however, does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. Broker votes are permitted in connection with uncontested elections of directors and proposals to ratify the appointment of independent accountants.

Solicitation of Proxies

Proxies are being solicited by our Board of Directors, and Community National Bank pays all costs for such solicitation. In addition, our directors, officers and employees may, without additional compensation, solicit proxies by personal interview, telephone or fax. We will direct brokerage firms or other custodians, nominees or fiduciaries to forward our proxy solicitation materials to the beneficial owners of common stock held of record by these institutions and will reimburse them for the reasonable out-of-pocket expenses they incur in connection with this process.

PROPOSAL ONE: ELECTING DIRECTORS

Director Nominees

The Bank's Board of Directors consists of eleven members and is divided into three classes. Each class of directors serves a staggered three-year term. The term of each class expires at the annual meeting in the years indicated below and upon the election and qualification of the director's successor.

In case of a vacancy on the Board of Directors, the Board may fill the vacancy for the remainder of the director's full term.

The election of a Class II Director will require approval by a plurality of the votes cast by the holders of shares of common stock entitled to vote with respect to that proposal. As a result, the four (4) nominees to serve as Class II Directors receiving the greatest number of votes will be elected. Abstentions and Broker Non-Votes will have no effect on the outcome of the vote with respect to this proposal.

The following table shows for each Class II Director nominee currently standing for election: (1) his name; (2) his age at December 31, 2010; (3) how long he has been a director of the Bank; (4) his position(s) with the Bank, other than as a director; and (5) his principal occupation and business experience for the past five years. Except as otherwise indicated, each nominee has been engaged in his present principal occupation for more than five years. It is on the basis of the accumulated experience and qualifications of each director described below that we believe each of the director nominees and continuing directors is well qualified to be a director of the Bank.

Class II Nominated Directors – For Three-Year Terms Expiring in 2014

<u>Name (Age)</u>	<u>Director Since</u>	<u>Positions and Business Information</u>
Ronald D. Ailey (54)	2003	Mr. Ailey has been a co-owner of Burke-Ailey Construction, a commercial construction company that is active in our current market area, since 1986. In this capacity, Mr. Ailey is well-acquainted with the real estate market in our market footprint, which provides him with a unique perspective on the businesses of many of the borrowers we serve.
Uriel Edde, Jr. (81)	2003	Mr. Edde has been President of Edde Chevrolet, Inc., an automobile dealership located in our market area, since 1959. In his extensive experience in the automotive industry, Mr. Edde has managed a significant volume of credit decisions, including having sole responsibility for a portfolio of loans totaling more than \$1 million.
Thomas D. Rush, Jr. (45)	2007	Mr. Rush is the Executive Vice President of Lending of the Bank. From April 2003 to July 2006, he was Senior Vice President of Lending for the Bank. From July 2002 until March 2003 he served as an investment representative for Edward Jones Investments. From October 1989 until July 2002, he was employed at Jefferson Federal Savings & Loan, including eight years of service as their Chief Financial Officer.
Eric N. Ward (52)	2003	Mr. Ward has been the Agency Manager for the Hamblen County Office of Tennessee Farmers Mutual Ins. Co., and insurance agency, since 1997.

The Board recommends that you vote **FOR** the election of Messrs. Ailey, Edde, Jr., Rush, Jr. and Ward as Class II Directors.

Continuing Directors

The following two tables show for each director whose term has not yet expired: (1) his name; (2) his age at December 31, 2010; (3) how long he has been a director of the Bank; (4) his position(s) with the Bank, other than as a director; and (5) his principal occupation and business experience for the past five years. Except as otherwise indicated, each director has been engaged in his present principal occupation for more than five years.

Class III Directors – Terms Expire in 2012

<u>Name (Age)</u>	<u>Director Since</u>	<u>Positions and Business Information</u>
Jerry C. Cranford (66)	2003	Mr. Cranford is retired. He served as the President of C&C Woodworking Consultants, Inc. from March 2001 until the corporation ceased operations in February 2003 and previously was Director of Manufacturing and Quality for Universal Furniture Company, both furniture industry companies, for twelve years. In these capacities, Mr. Cranford was responsible for the budgeting and financial reporting of these companies.
Claude Leroy Royston (64)	2003	Mr. Royston has been President of Royston Chrysler, Dodge, Jeep-Morristown, Tennessee, an automobile dealership, since 1991. In this capacity, Mr. Royston continues to be active in the economic development of our market area.
Donald K. Watson (67)	2003	Mr. Watson is retired. He served as the President and General Manager of Morristown Ford, Inc., an automobile dealership, from 1987 to 2004.

Class I Directors – Terms Expire in 2013

<u>Name (Age)</u>	<u>Director Since</u>	<u>Positions and Business Information</u>
Samuel F. Grigsby, Jr. (57)	2003	Mr. Grigsby is Chairman and Chief Executive Officer of the Bank. From 1994 to February 2002, Mr. Grigsby was a director and Chief Executive Officer of Union Planters Bank. Mr. Grigsby possesses over 25 years of banking experience, much of which was spent working in our market area, which we believe adds to his understanding of the banking industry and insight into the Bank's operations.
Charles A. Hughes (65)	2003	Mr. Hughes is President of the Bank. Mr. Hughes was Executive Vice President and Chief Lending Officer for Union Planters Bank from 1996 until February 2002. Mr. Hughes possesses a 43-year banking career in which he has served in all capacities and functions for several other regional and community banks.
Darwin K. Kilday (56)	2003	Mr. Kilday is Secretary, Executive Vice President and Chief Financial Officer of the Bank. From 1997 to March 2002, he was the Executive Vice President of Union Planters Bank and served as Senior Commercial Lender. Mr. Kilday has been active in banking as a lender and as a financial officer for over two decades, with much of his career spent serving the Morristown and Jefferson City communities that are the Bank's market area.
Steven J. Adams (63)	2003	Mr. Adams currently is an independent business consultant to the bedding and furniture industry. Until July of 2005 he was the owner and President of the Johnson Easel Company, an easel manufacturing company, in Jefferson City. Prior to that, he was the owner and President of Option Spring Products for four years and was the Branch Manager of the Steadley Company for over 20 years.

PROPOSAL TWO: RATIFYING AUDITORS

General

The Audit Committee of the Board of Directors has appointed the firm of Pershing Yoakley & Associates, P.C. to serve as the Bank's independent registered public accounting firm for the fiscal year ending December 31, 2011, and the Board has directed that the appointment be submitted to our shareholders for ratification at the Annual Meeting. If the shareholders do not ratify the appointment of Pershing Yoakley & Associates, P.C., the Audit Committee will reconsider the appointment.

A representative of Pershing Yoakley & Associates, P.C., is expected to be present at the 2011 Annual Meeting of Shareholders and will be given the opportunity to make a statement on behalf of the firm if he or she so desires and is expected to be available to respond to appropriate questions from shareholders.

Vote Required to Approve Proposal

The ratification of the independent auditor requires the affirmative vote of the majority of shares cast at the Meeting in person or by proxy and entitled to vote with respect to the proposals. Abstentions and Broker Non-Votes will have no effect on the outcome of the vote with respect to this proposal.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote **FOR** the ratification of Pershing Yoakley & Associates, P.C., as the Bank's independent auditors.

INFORMATION ABOUT COMMUNITY NATIONAL BANK

Overview

Community National Bank of the Lakeway Area was chartered in 2002 under the laws of the United States. Community National Bank is headquartered in Morristown, Hamblen County, Tennessee and operates a total of three full-service banking locations and three ATM sites in northeast Tennessee. Community National Bank operates out of its main office in Morristown, Hamblen County, Tennessee. In addition to its main office, we also operate a separate branch office in Morristown and another in Jefferson City, which is located in Jefferson County, Tennessee.

We are a full service commercial bank that provides community-banking services to the individuals and business in Hamblen and Jefferson Counties in northeast Tennessee. Community National Bank also performs banking services customary of full service banks of similar size and character. Such services include making real estate, commercial and consumer loans, providing other banking services such as traveler's checks, and maintaining deposit accounts such as checking, money market, consumer certificates of deposit and IRA accounts.

Executive Officers

Executive officers are appointed annually at the meetings of the Boards of Directors of the Bank, to serve until their successors are chosen and qualified. The following table sets forth for each executive officer of the Bank: (1) the person's name; (2) his age at December 31, 2010; (3) the year he was first elected as an executive officer of the Bank; and (4) his positions with the Bank, and his recent business experience for the past five years.

<u>Name (Age)</u>	<u>Officer Since</u>	<u>Business Experience and Position with the Bank</u>
Samuel F. Grigsby, Jr. (57)	2003	Mr. Grigsby is Chairman and Chief Executive Officer of the Bank. From 1994 to February 2002, Mr. Grigsby was a director and Chief Executive Officer of Union Planters Bank.
Charles A. Hughes (65)	2003	Mr. Hughes is President of the Bank. Mr. Hughes was Executive Vice President and Chief Lending Officer for Union Planters Bank from 1996 until February 2002.
Darwin K. Kilday (56)	2003	Mr. Kilday is Secretary, Executive Vice President and Chief Financial Officer of the Bank. From 1997 to March 2002, he was the Executive Vice President of Union Planters Bank and served as Senior Commercial Lender.
Thomas D. Rush, Jr. (45)	2006	Mr. Rush is the Executive Vice President of Lending of the Bank. From April 2003 to July 2006, he was Senior Vice President of Lending for the Bank. From July 2002 until March 2003 he served as an investment representative for Edward Jones Investments. From October 1989 until July 2002, he was employed at Jefferson Federal Savings & Loan, including eight years of service as their Chief Financial Officer.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the number of shares of the Bank's common stock that, as of December 31, 2010, are beneficially owned by (a) each Director and Named Executive Officer of the Bank; and (b) all Directors and Executive Officers, as a group. Unless otherwise indicated, the address of each person is c/o Community National Bank of the Lakeway Area, 225 West First North Street, Morristown, TN 37814.

Name	Beneficial Ownership ¹	Percent of Class
Directors & Named Executive Officers		
Steven J. Adams	12,514 ²	*
Ronald D. Ailey	10,000	*
Jerry C. Cranford	99,800 ³	5.7%
Uriel Edde, Jr.	34,100 ⁴	1.9%
Samuel F. Grigsby, Jr.	64,400 ⁵	3.7%
Charles A. Hughes	23,075 ⁶	1.3%
Darwin K. Kilday	10,000 ⁷	*
Claude Leroy Royston	73,076 ⁸	*
Thomas D. Rush, Jr.	14,500 ⁹	*
M. Edward Stiner, Jr.	15,241 ¹⁰	*
Eric N. Ward	15,685 ¹¹	*
Donald K. Watson	52,762 ¹²	3.0%
Directors and Executive Officers, as a Group (12 persons)	425,153	24.2%

* Less than 1% of outstanding shares.

¹ Information relating to beneficial ownership of the Bank is based upon "beneficial ownership" concepts set forth in the rules promulgated under the Securities Exchange Act. Some or all of the shares may be subject to margin accounts.

² Includes 7,514 shares held in Mr. Adams' IRA and 2,500 shares held by Mr. Adams' spouse.

³ Includes 21,000 shares held by Mr. Cranford's spouse and 10,000 shares held in Mr. Cranford's IRA.

⁴ Includes 17,600 shares held jointly with Mr. Edde's spouse.

⁵ Includes 11,000 shares held in Mr. Grigsby's IRA, 43,400 shares held jointly with Mr. Grigsby's spouse, and 10,000 shares held jointly with Mr. Grigsby's brother.

⁶ Includes 16,990 shares held in Mr. Hughes' IRA, and 75 shares held by Mr. Hughes' spouse.

⁷ Includes 7,500 shares held in Mr. Kilday's IRA.

⁸ Includes 27,000 shares held jointly with Mr. Royston's spouse.

⁹ Includes 10,000 shares held in Mr. Rush's IRA and 4,500 shares held jointly with Mr. Rush's spouse.

¹⁰ Includes 12,641 shares held in Mr. Stiner's IRA and 100 shares held by Mr. Stiner's children.

¹¹ Includes 4,000 shares held in Mr. Ward's SEP and 4,000 shares held jointly with Mr. Ward's spouse.

¹² Includes 20,000 shares held jointly with Mr. Watson's spouse, 3,472 shares held by Mr. Watson's spouse and 4,384 shares held by Mr. Watson's spouse's IRA.

OTHER MATTERS

Shareholder Communications

Shareholders wishing to communicate with the Board of Directors or with a particular director may do so in writing addressed to the Board, or to the particular director, and sending it to the Secretary of the Bank at the Bank's principal office at P.O. Box 1919, Morristown, Tennessee 37816. The Secretary will promptly forward such communications to the applicable director or to the Chairman of the Board for consideration at the next scheduled meeting.

Other Matters that May Come Before the Annual Meeting

The Board of Directors knows of no matters other than those referred to in the accompanying Notice of Annual Meeting of Shareholders which may properly come before the Annual Meeting. However, if any other matter should be properly presented for consideration and voting at the Annual Meeting or any adjournments thereof, it is the intention of the persons named as proxies on the enclosed form of proxy card to vote the shares represented by all valid proxy cards in accordance with their judgment of what is in the best interest of the Bank.

By order of the Board of Directors:

Morristown, Tennessee
May 16, 2011
