

**CHARTER OF THE
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF
COMMUNITY BANCORP**

Purpose

The Audit Committee of Community Bancorp (the “Company”) shall:

- A. Provide assistance to the Board of Directors (the “Board”) in fulfilling its responsibilities with respect to its oversight of:
 - a. The integrity of the Company’s financial statements;
 - b. The Company’s compliance with legal and regulatory requirements;
 - c. The independent auditor’s qualification and independence; and
 - d. The performance of the Company’s internal audit function and independent auditors.
- B. Prepare the Audit Committee’s report that the Securities and Exchange Commission (the “Commission”) rules require be included in the Company’s annual proxy statement.
- C. Conduct any investigation appropriate to fulfilling its responsibilities.

The Audit Committee should have a clear understanding with the Company’s independent auditors that they must maintain an open and transparent relationship with the Audit Committee, that the ultimate accountability of the independent auditors is to the Audit Committee, and that the independent auditors must report directly to the Audit Committee.

Committee Membership

The Audit Committee shall consist of no fewer than three members of the Board. The members of the Audit Committee shall meet the independence and experience requirements of the Nasdaq listing standards, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Commission. In addition, no member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the company at any time during the past three years.

All members of the Committee shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the Committee shall be an “audit committee financial expert” as defined by the Commission.

Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies without the approval of the Board. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nomination Committee. Audit Committee members may be replaced by the Board at any time. The Board shall elect the Chairperson of the Audit Committee. The Chairperson will chair all regular sessions of the Audit Committee and set the agendas for Audit Committee meetings.

Meetings

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet periodically with management, the internal auditors and the independent

auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee will ensure that minutes of each of its meetings are prepared and distributed to the Board, and shall provide periodic summary reports to the Board. The permanent file of the minutes shall be maintained by the Company Secretary.

Committee Authority and Responsibilities

The Audit Committee shall have the authority to appoint or replace the independent auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority to appoint or replace the internal auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the internal auditor. The internal auditor shall report directly to the Audit Committee.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation (i) to the independent auditors engaged for purposes of rendering an audit report or related work or performing other audit, review or attest services, (ii) to the internal auditor and staff or, if such function is out-sourced, the firm providing the internal audit function, (iii) any advisors employed by the Audit Committee; and (iv) for any ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

FINANCIAL STATEMENT AND DISCLOSURE MATTERS

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.

3. Discuss with management and the independent auditor significant accounting policies and financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
4. Review and discuss quarterly reports from the independent auditors on:
 - a. All critical accounting policies and practices to be used.
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Discuss with management prior to their release the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information. The Chairman of the Committee may represent the entire Committee for purposes of this discussion.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, any off-balance sheet structures on the Company's financial statements, and rules, policies of, and examinations by, relevant banking regulators.
7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. Review any disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
10. Review findings reported by regulatory agencies, management's response and monitor corrective action on major deficiencies.
11. Review periodically (i) the reserve for loan losses and methods used in its determination; (ii) legal exposure from pending or threatened litigation; and (iii) management's analysis of insurance coverage.

Oversight of the Company's Relationship with the Independent Auditor

1. Review and evaluate the lead partner of the independent auditor team.
2. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal

with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

3. Ensure the rotation of the audit partners as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
4. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
5. Meet with the independent auditor prior to the audit to discuss the proposed scope, planning, and staffing of the audit.
6. Following completion of the annual audit, review separately with management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work, access to required information, or any significant changes to the planned scope of the audit.
7. Review any significant disagreement between management and the independent auditors in connection with the preparation of the financial statements.
8. Obtain annually from the independent auditors a formal written statement describing all relationships between the auditors and the Company.

Oversight of the Company's Internal Audit Function

1. Review and evaluate the internal auditor or, if such function is out-sourced, the firm providing the internal audit function.
2. Evaluate the internal audit process for establishing the annual internal audit plan and performance of the internal audit function.
3. Review the significant reports to management prepared by the internal auditing department and management's responses.
4. Oversee internal audit activities, including discussing with management and the internal auditors (or the firm providing the internal audit function) the internal audit functions, organization, objectivity, responsibilities, annual internal audit plans, budget, and staffing.
5. Review periodic progress reports covering the annual internal audit plan.
6. Review and monitor unresolved matters related to significant internal audit issues and the responses by management.
7. Ensure appropriate independence of the internal auditing function.

Compliance Oversight Responsibilities

1. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

2. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with the Company's Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
4. Approve all related party transactions to which the Company is a party. "Related party transactions" refers to those transactions the disclosure of which is required pursuant to SEC Regulation S-K, Item 404.
5. Review the appropriateness of the practices utilized to reimburse executive officers and to assure compliance with the Company's code of ethics and conduct.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principle rules and regulations. These are the responsibilities of management and the independent auditor.