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IMPORTANT MEMORANDUM

To: CEOs, CFOs, and Boards of Bank Holding Companies and Banks Which Are Not Publicly-Held

From: Bybel Rutledge LLP

Subject: Capital Purchase Program Deadline and Term Sheet for Non-Public Companies

Date: November 21, 2008

On November 17, 2008, the United States Department of Treasury (the "Treasury") issued new guidance applicable to "Non-Public" bank holding companies and banks that are interested in applying to participate in the Treasury's Capital Purchase Program (the "Program"). For the purposes of the Program, a "Non-Public" bank holding company or bank is a company (1) whose securities are not traded on a national securities exchange **or** (2) which is not required to file periodic reports, such as quarterly and annual reports, with the U.S. Securities & Exchange Commission (the "SEC") ("Non-Public Companies").

The new information includes a term sheet for the preferred shares issued pursuant to the Program and an FAQ for those who are considering applying to the Program. We have attached the new term sheet and FAQ to this memorandum. Although the Treasury has issued a new term sheet, it has not issued a new Securities Purchase Agreement, Form of Letter Agreement, Certificate of Designation, and Form of Warrant for Non-Public Companies.

Below is a summary of the terms offered to Non-Public Companies:

Deadline For Application

December 8, 2008.

Restriction on Payment of Dividends

From and after the *tenth* anniversary of the date of the Treasury's investment, the participant is prohibited from paying common dividends until (1) the participant redeems all equity securities held by the Treasury in whole or (2) the Treasury has transferred all of such equity securities to third parties.

Additional Restrictions on Common Dividends

Non-Public Companies may not increase common dividends during the first three years of the Treasury's investment under the Program without Treasury's consent. In addition, Non-Public Companies may not, after the third anniversary and prior to the tenth anniversary of the Treasury's investment under the Program, increase aggregate common dividends per share greater than 3% per annum without the Treasury's consent. No increase in common dividends may be made as a result of any dividend paid in common shares, any stock split or similar transaction. The restrictions no longer will apply if the participant redeems the preferred shares and Preferred Warrant Shares (defined below) issued under the Program in whole or the Treasury has transferred all of the preferred shares and Preferred Warrant Shares to third parties.

Restrictions on Repurchases

The Treasury's consent is required for any repurchases of equity securities or trust preferred securities (other than (1) repurchases of the preferred shares issued under the Program and (2) repurchases of junior preferred shares or common shares in connection with any benefit plan in the ordinary course of business consistent with past practice) until the ***tenth*** anniversary of the date of Treasury's investment under the Program unless prior to such ***tenth*** anniversary the participant redeems the preferred shares and Preferred Warrant Shares in whole or the Treasury has transferred all of the preferred shares and Preferred Warrant Shares to third parties.

Furthermore, from and after the tenth anniversary of the date of the Treasury's investment, the participant is prohibited from repurchasing any equity securities or trust preferred securities until (1) the participant redeems all equity securities held by the Treasury in whole or (2) the Treasury has transferred all of such equity securities to third parties.

Voting Rights

The preferred shares will not have voting rights. Holders of the preferred shares, however, will have the right to elect two directors to the board of the participant if the dividends on the preferred shares are not paid for six dividend periods, whether or not consecutive. The right to elect two directors does not terminate until dividends have been paid for (1) ***all prior dividend periods*** in the case of cumulative preferred shares and (2) four consecutive dividend periods in the case of non-cumulative preferred shares.

Transferability

The preferred shares will not be subject to any contractual restrictions on transfer. However, the preferred shares also will not be subject to restrictions of any stockholders' agreement or similar arrangement that may be in effect among the participant and its stockholders at the time of the Treasury's investment under the Program or thereafter; provided that the Treasury and its transferees shall not effect any transfer of the preferred shares which would require the participant to become subject to the periodic reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. If the participant otherwise becomes subject to such reporting requirements, the participant will file a shelf registration statement with the SEC covering the preferred shares as promptly as practicable and, if necessary, must take all action required to cause the shelf registration statement to be declared effective as soon as possible. Though not specifically mentioned in the new term sheet, a participant will likely not be required to file a shelf registration statement if it is not S-3 eligible.

If a participant subsequently would file a registration statement with the SEC for any reason, the participant must notify the Treasury and third party holders of the preferred shares of the filing of the registration statement and honor any request for the registration of the preferred shares in the new registration statement. These are known as "piggyback" rights.

Related Party Transactions

New to the term sheet for Non-Public Companies is a section prohibiting related transactions. For as long as the Treasury holds any equity securities of the participant, the participant and its subsidiaries must not enter into transactions with related persons (within the meaning of Item 404 under the SEC's Regulation S-K) unless (1) such transactions are on terms no less favorable to the participant and its subsidiaries than could be obtained from an unaffiliated third party, and (2) have been approved by the audit committee or comparable body of independent directors of the participant.

Preferred Warrants

Non-Public Companies will be required to issue warrants to purchase, upon net settlement, a number of net shares of preferred stock of the participant having an aggregate liquidation preference equal to 5% of the amount of preferred shares purchased under the Program on the date of investment ("Preferred Warrant Shares"). The initial exercise price for the warrants will be $0.01 per share or a greater amount as the participant's articles of incorporation may require as the par value per share of Preferred Warrant Shares. <u>The Treasury intends to immediately exercise the warrants</u>.

Description of the Preferred Warrant Shares

The Preferred Warrant Shares have the same rights, preferences, privileges, voting rights and other terms as the preferred shares issued pursuant to the Program, except that (1) they will pay dividends at a rate of 9% per annum and (2) participants may not redeem them until they redeem all the Preferred Warrant Shares issued under the Program.

Exception to Preferred Warrant Requirement

The Treasury has determined not to require the issuance of warrants to purchase additional preferred shares for a limited class of participants in the Program. If a participant meets the following requirements, then the Treasury will not require the issuance of the preferred warrants:

1. The size of the investment must be $50 million or less; and
2. The participant must be a certified Community Development Financial Institution (a "CDFI").

Non-Public Companies must file an application for certification as a CDFI by December 8, 2008. If a company has applied for CDFI certification, and it is eligible for funding under the Program for Non-Public Companies, it will receive conditional approval, which will be contingent on the applicant receiving the CDFI certification. The CDFI certification must be approved by January 15, 2009.

General Information Regarding CDFIs

A CDFI is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFIs provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for low-income and first-time homebuyers and not-for-profit developers, flexible underwriting and risk capital for needed community facilities, and technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas.

Additional information about becoming a CDFI can be found at:

http://www.cdfifund.gov/

Timeline to Qualify for the Exemption

In order to qualify for the CDFI exemption, you must have a completed application to be a CDFI at the time your application is filed with the Program. In addition, your CDFI application must be approved at the time of the closing of the investment. The CDFI Fund has pledged that it will streamline the certification process to 30 days in order to qualify for this exemption.

If you have questions regarding the terms described above or the Program generally, please do no hesitate to contact any of the following individuals:

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