



March 6, 2009

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, DC 20220

Dear Mr. Barofsky:

This letter is in response to your letter dated February 6, 2009 to Sun Bancorp, Inc., Vineland, New Jersey ("Company").

- 1. You have requested information regarding the Company's anticipated use of TARP funds; whether such funds were segregated; actual use of funds to date and expected use of unspent funds.**

The Company received approximately \$89 million of funds under the Capital Purchase Plan ("CPP") as of January 9, 2009. The Company is a public company with reporting obligation in accordance with the Securities Exchange Act of 1934, as amended. (b) (4)

(b) (4)

b(4), b(8)

The Company announced that it closed on its CPP investment of approximately \$89 million as of January 9, 2009. Pending deployment of this capital, these funds are being held in an account of the Company in a deposit account at the subsidiary bank.

The Company and its banking subsidiary continue to make loans in accordance with its lending policies. Our loan growth for 2008 was \$230 million, or 9.2% over 2007. We are well capitalized and will deploy this investment and other funds available in accordance with our prudent lending standards. (b) (4)

(b) (4)

(b) (4)

It is the Company's intention to make such repayment as soon as the necessary procedures and approvals are finalized by the Treasury.

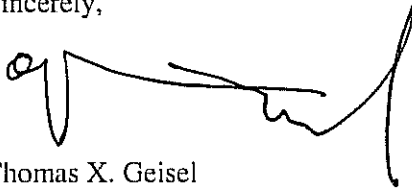
2. The Company's plans to address the executive compensation requirements associated with the CPP program, and the status of such plans.

In accordance with Section 111 of the Emergency Economic Stabilization Act of 2008 ("EESA"), our Compensation Committee will meet with our risk officer within 90 days of the funding of the CPP to complete its review of incentive compensation plans and related risks that may be posed by such plans. Such review will be completed by April 9, 2009. As such, it would be premature to report on any actions or conclusions resulting from such review. As part of the funding of the CPP program, our senior executive officers signed letter agreements consenting to any changes in compensation programs deemed necessary by the Company in accordance with the requirements of Section 111 of EESA, including the applicable "claw-back" provisions under any incentive compensation or bonus program. We understand that Section 111 of EESA has been amended by the American Recovery and Reinvestment Act of 2009 ("ARRA") enacted on February 17, 2009. Pending additional guidance from the Treasury in the form of regulations, the Company, its senior executive officers and the Board Compensation Committee will take such other actions that may be required.

Sun Bancorp, Inc. is a publicly reporting company. We request that this response letter be treated as Confidential Information and not be subject to release under any Freedom of Information Act requests. Prior to any such release, we request the opportunity to oppose such information release, or, in the alternative to redact such confidential business information.

This response is being submitted by the undersigned authorized senior executive officer of the Company. The undersigned hereby certifies to his or her knowledge the accuracy of all statements, representations and supporting information, included herein, subject to the requirements and penalties set forth at Title 18, USC, Section 1001.

Sincerely,



Thomas X. Geisel
President and CEO