

April 22, 2009

Mr. Neil M. Barofsky, Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Neil M. Barofsky:

Valley Business Bank's anticipated use of TARP funds are as follows:

The Bank is currently analyzing possible expansions within our target market and surrounding areas through branching or other opportunities as they may arise. Valley Business Bank is also working to increase its loan outstandings to qualified applicants. The Bank has initiated bridge mortgage loans for its borrowers who have construction loans and are no longer able to qualify for standard mortgage products due to the devaluation of their homes or other secondary market lending restrictions that have been initiated. The Bank also is looking for opportunities to assist current borrowers by temporarily modifying repayment terms to ease the cashflow burden caused by this temporary economic downturn. Another area of lending potential is to assist customers who are experiencing cashflow problems due to the slowdown of State funding on existing contracts. The Tarp funds also ensure that the Bank will have adequate capital to augment the ALLL if excessive losses are incurred due to continued economic stress. At the present time the Bank has not segregated the Tarp funds. The Bank will be coding all Tarp related lending activity to be able to track on a quarterly basis.

Since receiving the Tarp funds the Bank has initiated \$31,328,660 in loans which include \$13,328,660 in new loans and \$17,970,726 in renewals of existing loans. Since receipt of the Tarp funds the Bank assisted a local restaurant's cashflow problems by modifying their loan and temporarily reducing their payments to interest only. The Bank advanced monies to a troubled auto dealership in the amount of \$1,200,000 for needed capital to assist in their restructuring. The Bank advanced money to a State contractor in the amount of \$1,060,000 to enable them to remain in business during the State's budget crisis and continued slow payment. A loan was granted to an area Water District in the amount of \$800,000. These are a few examples of how Valley Business Bank continues to strive to make quality loans and assist our existing and new customers during this trying time.

Regarding addressing executive compensation requirements associated. There will be no incentive payments that will induce Officers to take undue risk. Valley Commerce Bancorp and its subsidiary, Valley Business Bank, follow a policy of compensation for executive officers and other employees. (b) (4)

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Any undo risk taken in achievement of all goals is not a practice of the bank and is controlled by the Company and Bank's Director Loan Committee and Asset Liability Committee. Additionally, the Company and Bank's Audit Committee plays an active role in monitoring compensation levels and related risk through its review of all audit and regulatory examinations performed during the year.

The Company and Bank's Personnel and Compensation Committee reviews officer and employee salary levels annually as well as any proposed bonus payments. The Committee reports its conclusions and recommendations to the full Board of Directors of each entity.

The salary of the Chief Executive Officer is set by the Executive Committee of the Company which consists of the Chairman of the Board of Directors, Vice Chairman, and Corporate Secretary.

Sincerely,

Allan W. Stone
EVP/Chief Credit Officer