

<Primary Contact>  
<Secondary Contact>  
<Bank Name><UST Number>

Dear CPP Program Participant,

The Office of Financial Stability's Compliance Office ("OFS Compliance") distributed several letters during 2010 and 2011 reminding your institution of its obligation to comply with the Interim Final Rule ("IFR") - TARP Standards for Compensation and Corporate Governance at 31 CFR Part 30. OFS Compliance is responsible for ensuring the TARP recipient's compliance with the IFR and any applicable guidance issued by Treasury relating to executive compensation. OFS Compliance is also responsible for monitoring compliance with the Securities Purchase Agreement ("SPA"), specifically Section 4, you executed with Treasury.<sup>1</sup>

During 2011, OFS Compliance has been conducting on-site reviews of Capital Purchase Program ("CPP") participant's status of compliance with the IFR and Section 4 of the SPA during the TARP period.<sup>2</sup>

OFS Compliance has selected your institution, at this time, to participate in an off-site review of its compliance with the IFR and SPA during the TARP period. The off-site review **will require** your response to the items contained in the attachment titled "**Executive Compensation Off-Site Compliance Review.**" ("Compliance Review Document")

Please note that the off-site review does not waive OFS Compliance's right to commence a full on-site review of the TARP recipient's compliance should we deem it necessary. If an on-site review is requested, OFS Compliance will contact you directly to schedule a visit.

All documentation and records used to respond to the Compliance Review Document should be retained on-site should Treasury exercise its right to request complete and current copies of the

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<sup>1</sup> TARP recipient as defined in IFR Section 30.1 which includes the bank holding company, the lead bank and any subsidiary in which the bank holding company owns at least 50% of the entity.

<sup>2</sup> TARP period as defined in IFR Section 30.1 means the period of time in which the TARP recipient received its financial obligation from Treasury and ends on the date which its financial obligation with Treasury is not longer outstanding excluding any warrant to purchase common stock held by Treasury.

documentation and records supporting the TARP recipient's certifications. See IFR Section 30.15(b). OFS Compliance may request follow-up information after the review of the responses contained in the Compliance Review Document.

Thank you.

TARP Compliance – Executive Compensation Team

UST # [       ]

**Instructions:**

**Please complete all items listed below with the appropriate detail as requested. The completed Compliance Review Document should be submitted to the e-mailbox at [TARP.Compliance@treasury.gov](mailto:TARP.Compliance@treasury.gov) within 30 day of receipt unless an extension is requested. If an extension of time in which to file is requested, that request should also be filed with the TARP.Compliance e-mailbox. The request should contain an explanation of the reason(s) why the Compliance Review Document can't be submitted within the time period and the expected date of delivery.**

Please remember, as with all documents filed with the TARP.Compliance e-mailbox, to include the TARP recipient's United States Treasury designated number (UST#).

**Item 1:** Does the TARP recipient have internal controls or policies and procedures in place which address the requirements of the Interim Final Rule at 31 CFR Part 30 - TARP Standards for Compensation and Corporate Governance ("IFR") and a system used to monitor the TARP recipient's compliance with the IFR?

Yes      or      No

If yes, please specify the controlling document. If the controlling document is a documented policy with procedures, please state the name of the policy & procedures and date the Board of Directors or Compensation Committee approval of the policy, if applicable.

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**Item 2:** How often did the TARP recipient's Compensation Committee (or Board of Directors, acting in that capacity) meet to: 1) discuss compensation issues; and, 2) perform the risk assessment of Senior Executive Officers ("SEOs") and employee compensation plans? Please list the type of discussion held and the date(s) of the Compensation Committee meeting during the TARP period.

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**Item 3:** Did the TARP recipient's Compensation Committee (or Board of Directors, acting in that capacity) identify and approve the list of CEOs and 20 next most highly compensated employees ("MHCEs") during the TARP period?

Yes or No

If yes, please briefly explain the process used by the TARP recipient to identify those individuals subject to: 1) the limitations on bonuses, incentive compensation, retention awards [IFR Section 30.10]; 2) the golden parachute and severance restrictions [IFR Section 30.9]; and, 3) the tax gross-ups prohibitions [IFR Section 30.11(d)].

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**Item 4:** Did the TARP recipient make any cash payments, accruals or retention payments other than normal salaries and reimbursements to CEOs or any individual (MHCE) during the TARP period?

Yes or No

If yes, please state: 1) the nature of the payment; 2) the reason for the disbursement, accrual or retention; 3) the amount; and, 4) whether the disbursement, accrual or retention was made in conformity with the IFR. If the TARP recipient relied upon an IFR exemption, please state the exemption in the explanation.

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**Item 5:** Has any of the TARP recipient's CEOs or MHCEs received a tax gross-up benefit (or the right to obtain this benefit in the future) during the TARP period?

Yes or No

If yes, please explain. Further, state whether the payment was self-reported to OFS Compliance.

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**Item 6:** Has the TARP recipient entered into with any SEO or the next 5 MHCEs employment contracts or change in control agreements (golden parachute) during the TARP period?

Yes or No

If yes, please state whether the employment contract or change in control agreement contains an article or provision which discusses the restrictions under IFR and TARP program.

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**Item 7:** Did any of the TARP recipient's SEOs or the next 5 MHCEs separate (terminate, retire, or resign) during the TARP period?

Yes or No

If yes, was a severance or a settlement package offered or paid to the departing SEOs or the next 5 MHCEs

Yes or No

If yes, briefly describe the provisions of the severance or settlement package offered, whether the package was accepted, and reviewed by counsel

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Did the TARP recipient's counsel offer an opinion on whether the severance or settlement package complied with the IFR?

Yes or No

**Item 8:** Did the TARP recipient initiate or pay a recruitment bonus/incentive payment to a newly hired SEO during the TARP period?

Yes or No

If yes, state whether the recruitment bonus payment was approved by the TARP recipient's Board of Directors. Also, state whether TARP recipient engaged counsel to review the recruitment bonus/incentive payment for compliance with the IFR. If counsel's opinion was sought, state the result.

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**Item 9:** Did the TARP recipient grant any stock options to CEOs or bonus restricted employees during the TARP period?

Yes      or      No

If yes, state whether the grant was made in conformance with the IFR and whether an opinion of counsel was sought. If the TARP recipient relied on an IFR exemption, please state the exemption.

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**Item 10:** Does the TARP recipient have a company-wide monitoring system to ensure compliance with the Excessive or Luxury Expenditure Policy ("Policy") requirements?

Yes      or      No

If yes, briefly describe.

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**Item 11:** Has the TARP recipient received any reports of employee or management alleged violations of the Policy during the TARP period?

Yes      or      No

If yes, has any rectifying action been taken?

Yes      or      No

Please briefly describe the rectifying action taken by the TARP recipient:

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**Item 12:** Has the TARP recipient declared and paid dividends on its securities, other than Treasury's issued securities during the TARP period?

Yes or No

If yes, was prior consent of Treasury sought?

Yes or No

If no, please briefly describe the reason:

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**Item 13:** Has the TARP recipient redeemed or purchased any its own securities during the TARP period?

Yes or No

If yes, was prior consent of Treasury sought?

Yes or No

If no, please briefly describe the reason:

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\_\_\_\_\_(Signature) Date:\_\_\_\_\_

**President**

Print Name \_\_\_\_\_

\_\_\_\_\_ (Signature)      Date: \_\_\_\_\_

**Chairman of the Board**

Print Name \_\_\_\_\_