

*The*  
**BANK**  
*of*  
**Fayette County**  
*Serving Fayette County*  
*Since 1905*

March 6, 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 Special Inspector General Barofsky:

I appreciate the opportunity to explain our participation in the Capital Purchase Program (CPP). However, first I would like to tell you about The Bank of Fayette County. Our bank was founded in 1905 in Moscow, Tennessee by local business leaders. Throughout our one hundred and four year history, we have served our community. We live here, we work here, we worship here, we serve here – this is our motto. With or without the investment from the United States Treasury, we will continue to serve the needs of customers, neighbors and friends. We are a state-member bank. (b) (8)

(b) (8)

(b) (8) We applied and were accepted to participate in the Program.

As part of the original agreement our bank agreed to expand the flow of credit to U.S. consumers and businesses on a competitive term to promote the sustained growth and vitality of the U.S. economy and to work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market. We believe our bank has met these criteria.

Our detailed response follows:

(I)

(a) Anticipated use of TARP funds

- Our bank's loans to deposit ratio exceeds 100%. The CPP funds will allow use to maintain this high level of lending.
- The CPP funds will allow us to modify loan terms and prevent foreclosures.
- The CPP funds will be used to fund foreclosed properties, thereby allowing us to continue to fund new loans with our capital.

Member FDIC

MOSCOW  
120 Charleston Street  
P. O. Box 277  
Moscow, TN 38057-0277  
Telephone (901) 877-6891  
Fax (901) 877-6799

MOSCOW EXPRESS  
14400 Highway 57  
Moscow, TN 38057  
Telephone (901) 877-1616  
Fax (901) 877-1854

PIPERTON  
1265 Highway 57 East  
Collierville, TN 38017  
Telephone (901) 854-2265  
Fax (901) 854-2262

SOMERVILLE  
15995 Highway 64  
Somerville, TN 38068  
Telephone (901) 465-5484  
Fax (901) 465-9697

HICKORY WITHE  
3155 Highway 64  
Eads, TN 38028  
Telephone (901) 466-3800  
Fax (901) 466-7670

- Our bank has counseled our customers for 104 years. The CPP funds will allow us to establish a formal financial literacy program.
- The CPP funds will allow us to establish a retail credit program for merchants to replace the collapse to the specialty lenders.
- The CPP funds will allow us to establish a foreclosure mitigation program with Fayette Cares, Inc., our local shelter.
- (b) (4)
- The CPP funds will provide a cushion for future losses.

(b) Are TARP funds segregated from other institutional funds?

- The CPP funds are currently maintained at our holding company level.
- The CPP funds were deposited into our capital accounts with other forms of capital including retained earnings.

(c) Actual use of TARP funds to date

- The CPP funds have allowed us to continue our high level of lending. Our loans currently exceed 100% of deposit.
- Used the CPP funds to provide financial literacy.
- The increase in capital from the CPP funds allowed our bank to modify the loan terms for existing customers.
- Foreclosed assets have been transferred to the holding company and funded by the CPP funds. This allows the bank to continue to lend at the current level.

(d) Expected use of TARP funds

- Continue to modify existing loans.
- Fund foreclosure mitigation.
- Allow us to maintain our high level of lending.
- Provide a cushion for future losses.

(II)

The Board of Directors has always been responsible for compensation of the senior executives. Now the Board of Directors will be responsible for reviewing the CEO incentive compensation arrangements on at least a yearly basis. As our incentive compensation arrangements are very conservative, the Directors are familiar with all aspects of the arrangements. While bank earnings are a part of the overall compensation arrangement, it is a small part. Asset quality, long-term growth, market share, employee retention are all considered part of the incentive arrangement. All CEO are fully aware and have consented to the “clawback” by the bank of any bonus or incentive compensation paid during the period the Treasury holds an equity or debt position. Also, the bank does not have any golden parachute arrangements.

If you have any questions or need additional information, please contact the undersigned at (b) (6) Thank you.

Sincerely,

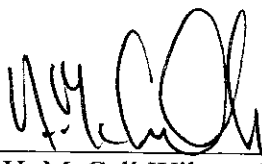
A handwritten signature in black ink, appearing to read 'H. McCall Wilson, Jr.', written in a cursive style.

H. McCall Wilson, Jr.  
President & CEO

Special Inspector General-TARP  
1500 Pennsylvania Avenue, NW; Suite 1064  
Washington, D.C. 20220

RE: Moscow Bancshares, Inc.

I H. McCall Wilson, Jr. certify that: I have reviewed this response and supporting documents, and based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.



H. McCall Wilson, Jr., President and CEO

JURAT

State of Tennessee  
County of Fayette

Subscribed and sworn/affirmed to before me this 6 day of March

2009, by

(b) (6)

My Comm

