



Via Electronic Mail and Fedex

Mr. Neil M. Barofsky
Special Inspector General
Office of Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, N.W., Suite 1064
Washington, DC 20220

Re: Audit of Use of TARP Funds/Central Valley Community Bancorp

Dear Mr. Barofsky:

As President and Chief Executive Officer of Central Valley Community Bancorp, a California corporation and registered bank holding company ("CVCB"), I am writing in response to your letter dated February 6, 2009 requesting certain information relative to CVCB following the receipt of funds under the Troubled Asset Relief Program ("TARP").

On January 30, 2009, CVCB, the holding company for Central Valley Community Bank, a California state chartered bank (the "Bank"), sold to the U.S. Department of the Treasury \$7 million (the "TARP funds") worth of (i) Series A Cumulative Perpetual Preferred Stock (the "Preferred Stock") and (ii) a detachable warrant to purchase common stock. All of the TARP funds were promptly contributed by CVCB to the capital of the Bank. Because this transaction closed only three weeks ago, we would respectfully ask that in reviewing our response, you do so in light of the very limited period of time that has passed between January 30, 2009 and the date of this letter.

CVCB, through its Board of Directors and Senior Management, has been proactive in its use and planned future use of TARP funds in a manner that is consistent with the intent of TARP, as outlined by the Treasury. As a preliminary matter, you should be aware that the Bank's primary focus is on small- and medium-size business customers, rather than providing direct residential mortgage market lending. We note, however, that the Bank does provide certain services to consumer customers by helping them find a suitable residential mortgage with outside mortgage originators and underwriters.

Nevertheless, in keeping with the spirit and intent of the Treasury as it relates to consumer residential mortgages, the Bank did apply to the U S Department of HUD in the fourth quarter of 2008. In January 2009, the Bank was approved as an Application Coordinator to originate FHA mortgages. Now, the Bank is able to work directly with borrowers to find suitable FHA programs for current borrowers needing assistance as well as assist first-time home buyers. The underwriting and approval of these loans is still done by other financial institutions, but serving as an Application Coordinator provides the Bank with the opportunity to provide assistance to financially stressed, consumer borrowers.

1. USE AND ANTICIPATED USE OF TARP FUNDS

(a) The Bank's receipt of TARP capital assisted the Bank in three primary areas: capital, lending capacity, and core growth, each of which aid the Bank in execution of its 2009 Business Plan.

First, the receipt of TARP funds immediately increased the Bank's capital ratios (as determined by the guidelines established by our state and federal regulators (i.e., Federal Reserve, FDIC and the Department of Financial Institutions of California)). This was particularly helpful in light of our November 12, 2008 acquisition of Service 1st Bank, which upon closing, had a slightly negative effect on the Bank's capital ratios. While the Bank was "well capitalized" prior to receipt of TARP funds, the additional capital further strengthened the Bank's capital position. The Bank is optimistic that its business will continue to be strong, yet the uncertainty in the economy and continual decline in the financial capacity of current borrowers certainly makes having additional capital desirable. The Bank is encouraged that the numerous initiatives undertaken by the federal government under TARP and the American Recovery and Reinvestment Act of 2009 will aid the banking industry and the broader economy.

Second, the TARP funds will assist the Bank in continuing to provide loans to qualified borrowers in the markets we serve and allow the bank to increase its risk weighted assets (loans and investments). Our business development officers are actively working in the communities we serve to find lending opportunities to qualified customers. These customers and potential customers are primarily small and medium sized businesses who need working capital to operate their businesses, create new jobs and fund growth in their market segments. It should be noted that the Bank's capital position enabled it to fund loans from the transaction closing date until the date hereof, irrespective of receipt of TARP funds, so the Bank cannot state with certainty the extent to which any of the TARP funds have been lent to date. However, as described in (c) below, the Bank will now be able to leverage this additional capital by making a higher volume of loans (based on aggregate dollar amount) and having higher lending limits as permitted under regulatory guidelines.

(b) (4)

(b) At the Holding Company level, the Preferred Stock is the only outstanding preferred stock of CVCB, and is easily identifiable on CVCB's Balance Sheet. The \$7 million in cash proceeds received by CVCB was down streamed to the Bank and included in the normal liquidity of the Bank, to be used for normal day-to-day operations, including liquidity to fund loans. For accounting purposes, as a result of this transfer,

CVCB increased its ownership in the Bank by increasing paid in capital of the bank by \$7 million.

(c) As referenced above, the Company only had the TARP funds for five business days from the date of the Inspector's request, and therefore, no specific use can be identified nor can the funds be identified as being made to a specific loan. We believe that we will be able, however, to track the overall increase in the Bank's lending activity over a period of time, given that the additional capital will allow the Bank to leverage those funds now that the TARP funds have been added to the Bank's total capital. The Bank has numerous systems in place to understand how its capital is being deployed, including use of loan pipeline reports, funding reports and productivity reports, all of which measure and monitor the overall increase in loans and investments. These reports are shared with our senior management and Board of Directors. That said, our primary goal is and has always been to make sound investments and loans to qualified borrowers, but at the same time, never take unnecessary risks or otherwise compromise our underwriting standards.

(d) The Bank expects to use the TARP funds primarily for lending to qualified borrowers by leveraging the capital of the Bank within the regulatory guidelines for "well capitalized" banks, which is consistent with CVCB's original intent in applying for the TARP funds.

2. EXECUTIVE COMPENSATION INITIATIVES AND COMPLIANCE

CVCB and the Bank have in place an Executive/Directors Resources Committee ("Compensation Committee") comprised only of independent, non-employee directors. As part of its charter, this Committee establishes the salary and incentive plans on an annual basis for the Bank's senior management. The incentive plan for 2009 was approved by the Committee and the Board of Directors on January 28, 2009 and in keeping with prudent goals related to asset quality, growth and CAMELS ratings as determined in annual Safety & Soundness examinations by our state and federal regulators. These plans are also consistent with Department of Treasury guidelines. The Compensation Committee will meet no less frequently than is required under the applicable TARP guidelines and any other federal law to review compensation of senior management, and to ensure that such compensation is not structured in any way that would encourage the senior management to take excessive risks in light of their job responsibilities. In addition, CVCB and each of its Senior Executive Officers have contractually agreed that they will not accept any golden parachute payments that would be in violation of the TARP guidelines or any other federal law. At the present time, no offsets to other longer-term or deferred forms of executive compensation have been implemented.

To the best of my knowledge, the statements, information and supporting materials provided herein and attached hereto are true and correct in all material respects, subject to the requirements and penalties set forth in 18 U.S.C. Section 1001.

CENTRAL VALLEY COMMUNITY
BANCORP

A handwritten signature in black ink, appearing to read "Daniel J. Doyle". The signature is written in a cursive style with a large initial "D".

By: Daniel J. Doyle
President and Chief Executive Officer