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Community Partners Bancorp

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, DC 20220

Re: Responses to Information Requested regarding TARP usage

Via mail and electronic submission to SIGTARP.response@do.treas.gov

Dear Mr. Barofsky:

Community Partners Bancorp conducted an analysis to ascertain the advantages and disadvantages of participating in the Troubled Asset Relief Program (TARP). The analysis led us to conclude that our shareholders would be best served with our participation in the TARP program in an amount of \$9 million.

Responses to information requested are set forth below:

1. a) Anticipated use of TARP
c) Expected use of unspent TARP funds

We consider the TARP funds as additional capital or shareholder equity, and thus consider its anticipated use the same as the other components of capital. The use of the TARP funds is not specific but provides a greater ability to grow the bank's balance sheet. We envision that growth mainly taking place through increased lending in our community in accordance with safe and sound banking practices. In addition, the TARP capital will increase our legal lending limit which further enhances our ability to lend in the community. We anticipate that the addition of the TARP capital will allow us to grow our loan portfolio for the next two years in accordance with our business plan, assuming that there is no further material deterioration of the economy.

- b) Segregation of TARP funds

We account for the TARP funds on the balance sheet of Two River Community Bank, the solely owned subsidiary of Community Partners Bancorp, in the equity section as preferred stock.

2. a) Status of addressing executive compensation requirements associated with funds

The Compensation Committee, with legal counsel and senior management, believe that all of the necessary executive compensation contractual amendments have been executed to ensure compliance with the executive compensation requirements set forth in the TARP agreement.

All required limitations on executive compensation have been implemented, in line with Department of Treasury guidelines. We have demonstrated, over the past nine years, our conservative underwriting standards, and see no changes as a result of adjustments in senior executive officer compensation, as a result of participation in the TARP program. We do not anticipate that we will make any changes to any long-term or deferred executive compensation in the near future.


Supporting documents:

I am enclosing our news release announcing our preliminary approval to receive the TARP funds.

Certification Statement:

I hereby certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Very truly yours,



Michael J. Gormley
Executive Vice President & CFO

(b) (6)

cc: Charles T. Parton, Chairman, Interim President & CEO, CPBC

Encl. P/R



Community Partners Bancorp

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Community Partners Bancorp Announces Preliminary Approval for Participation in the U.S. Treasury's Capital Purchase Program

MIDDLETOWN, N.J., Dec 31, 2008 (BUSINESS WIRE) --

Community Partners Bancorp (NasdaqCM: CPBC) announced today that it has received preliminary approval to participate in the U.S. Treasury Department's Capital Purchase Program. This program is a voluntary initiative designed primarily for the nation's healthier financial institutions.

"The additional capital will enhance our ability to meet the borrowing needs of our customers in Monmouth and Union Counties, where we are a leading source of community bank lending," said Barry B. Davall, President and Chief Executive Officer. "Community Partners is pleased to have this opportunity to participate in the Treasury Department's effort to provide additional lending capacity to support economic activity."

Under the Capital Purchase Program, Community Partners plans to sell the U.S. Treasury \$9 million in fixed rate cumulative perpetual preferred stock, along with warrants to purchase approximately \$1.35 million in common stock. The transaction is expected to close in January 2009.

Community Partners' total risk-based capital ratio of 11.57% at September 30, 2008 exceeds the 10% threshold for a well-capitalized financial institution. With the inclusion of \$9 million in capital from the U.S. Treasury, Community Partners' total risk-based capital ratio would increase to 13.48%, on a pro forma basis, at September 30, 2008.

Community Partners Bancorp is the holding company for Two River Community Bank, which is headquartered in Middletown, New Jersey, and The Town Bank, which is headquartered in Westfield, New Jersey. Two River Community Bank currently operates eleven branches throughout Monmouth County and The Town Bank currently operates four branches in Union County. More information about the company is available at www.communitypartnersbancorp.com.

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, relationships, opportunities, taxation, technology and market conditions. These statements may be identified by such forward-looking terminology as "expect," "look," "believe," "anticipate," "may," "will," or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause results to differ materially from such forward-looking statements include, but are not limited to, changes in interest rates or in national or local economic conditions in areas in which our operations are concentrated, increased competition, rapid growth, reliance on management and other key personnel and other such risks. Community Partners assumes no obligation for updating any such forward-looking statements at any time, except as required by law.

SOURCE: Community Partners Bancorp

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