



# Seacoast

BANKING CORPORATION OF FLORIDA

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March 9, 2009

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

Mr. Neil M. Barofsky,

The following information is provided to your request.

(1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that have taken that you would not have been able to take absent the infusion of TARP funds.

(1)(a) Provide capital support by increasing the capital base of the Company's operating subsidiary bank Seacoast National Bank ("Seacoast National") which allowed the bank to:

- Increase lending to our local community residents and small businesses. The stronger capital base allowed for increased lending, in particular, residential mortgage loans and consumer loans. Seacoast National Bank closed a total of \$36 million of residential and consumer loans in the fourth quarter 2008 (16 percent improvement over the third quarter 2008) and \$21 million year to date February 20, 2009.
- Assist distressed borrowers by refinancing their loans or restructuring their loan terms and/or rates. Since receiving approval of TARP funds, Seacoast National has restructured business and consumer loans totaling \$19 million.

(1)(b) and (c) The funds were deposited with the Seacoast National which resulted in improving the bank's liquidity. The Company down streamed \$12 million as new tier one capital to Seacoast National and remaining \$38 million is on deposit at the bank and will be used to support the bank's capital adequacy.

(1)(d) The Company intends to promote consumer and small business loans and residential mortgage loan products to new and existing customers. See enclosed

advertisements. Seacoast National has hired additional mortgage originators and is prepared to assist with the recently announced Homeowner Affordability and Stability Plan. In addition, the Bank has received the necessary approvals to offer FHA home loans to allow first time home buyers and other qualified homeowners to buy homes.

(b) (4)

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(2) Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.

(2) We have adopted the Treasury's standards for executive compensation and corporate governance. These standards apply to our chief executive officer, chief financial officer and the three next most highly compensated senior executive officers. The standards include (1) ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution; (2) require clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibit making golden parachute payments to senior executives; and (4) an agreement not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive.

(b) (4)

(b) (4)

(b) (4)

I, William R. Hahl, 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.

Sincerely,



William R. Hahl

*Executive Vice President/  
Chief Financial Officer*



Dennis S. Hudson, III, Chairman and  
CEO, Seacoast National Bank

## Money to Lend

It's hard to miss the bad news about housing and mortgages these days. The news reports are everywhere. Despite that, Seacoast National Bank is open for business and making residential mortgage loans.

Seacoast has been a long-time residential mortgage lender in the markets we serve. In fact, we've been in business for over 80 years. We did not participate in payment-option ARMs (adjustable rate mortgages), sub-prime loans or other 'exotic' mortgage loans you read about today and which so many other mortgage lenders are struggling with. Instead, we sat out the irrational lending frenzy and built our internal resources to better serve our customers and homebuyers today and in the future.

### ARM(ed) But Not Dangerous

The events of the last few years have created the perception that all ARMs (Adjustable Rate Mortgages) are dangerous - they're not. There are times when an ARM is the right loan for the situation. For instance, a couple purchasing a home that plans to sell and upgrade in a few years would most likely benefit from a shorter term ARM loan. It's a matter of applying common sense lending practices and selecting the right loan to fit the needs of the borrower.

### New Lock & Shop Service

We recently introduced our "Lock and Shop" service at Seacoast that allows prospective homebuyers to be pre-approved for a mortgage and lock in the rate on an Adjustable Rate Mortgage (ARM) at the time of application for up to 90 days. You can then shop for a home with the peace of mind that the rate will not increase while you shop. If rates go down before you close on the loan, so does your rate. You can also choose to change the loan to a fixed rate option at closing.

### Technology & Convenience

A common misconception is that an online-only lender will save a homebuyer money. Although the Internet is ideal for gathering information, the drawbacks of working with an online-only lender outweigh the advantages.

To complement our loan services, Seacoast has convenient online tools for homebuyers including a mortgage calculator and application for those who want online convenience. However you choose to apply, local, dedicated mortgage loan officers are available to assist you with the application process in person at your home or office, at a Seacoast office or over the telephone.

Seacoast's professional mortgage lenders are prepared to understand your current economic and housing needs, to answer your questions and make quick local decisions. We disclose all terms and conditions up front, and provide a single point of contact throughout the process, so there are no surprises at closing.

Our promise to you is simple - whether you apply online or in person, there's nothing "mechanical" about the way you'll be treated as a customer.

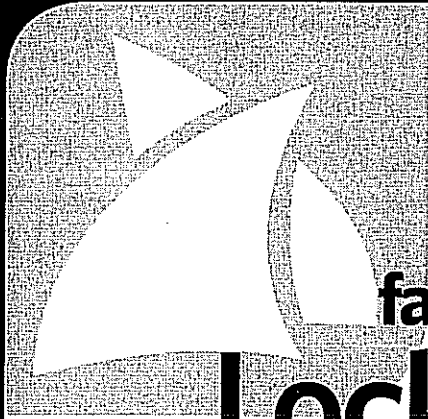
Come to Seacoast - feel good about your bank.



800-706-9991 • [www.seacoastnational.com](http://www.seacoastnational.com)



NASDAQ: SBCE



# Home loans are fast and easy with **Lock & Shop**

- Get pre-approved and lock in a rate.
- Enjoy up to 90 days to find the perfect home.
- If rates go down before you close,  
so does your rate.
- Optional fixed rate at closing.

With mortgage rates at a 40-year low, now may be the best time in a lifetime to buy a home. And, Seacoast's *Lock & Shop* mortgage service puts you in the right place at the right time. Call today, and see how our professional, personal service can help you with *your* opportunity of a lifetime.

17 N. Lee St., Labelle, 675-2300

[www.seacoastnational.com](http://www.seacoastnational.com)



*Feel good about your bank*



NASDAQ: SBCF A subsidiary of Seacoast Banking Corporation of Florida

# TOMMY'S TREEHOUSE

Mortgages for the home buyer and the occasional tree house.

Seacoast National Bank has nurtured the hopes and dreams of homebuyers for over 80 years. From the young couple starting a new family and shopping for their first home to the retirees buying a vacation home in the sun. We offer personalized

service, local decision-making, and competitive rates.

So while we might not yet invest in Tommy's treehouse project, we do offer great mortgages for his family. Log on to our website, call, or visit one of our friendly branches so we can help you realize all your dreams.



*Feel good about your bank.*

1-800-706-9991  
[www.seacoastnational.com](http://www.seacoastnational.com)



## Lock n Shop!

Dizzled by mortgage rates that seem to come and mysteriously go? At Seacoast National Bank, you can lock in an adjustable rate for 90 days. If the rates go down, yours will too. And, you can choose to lock into a fixed rate at closing. Let's go shopping!

# Money to Lend

Although, it's hard to miss the bad news about housing and mortgages these days, it is actually one of the best times to buy a home. Interest rates are the lowest they've been in decades, home prices are the lowest in years and Seacoast National Bank is open for business and making residential mortgage loans.

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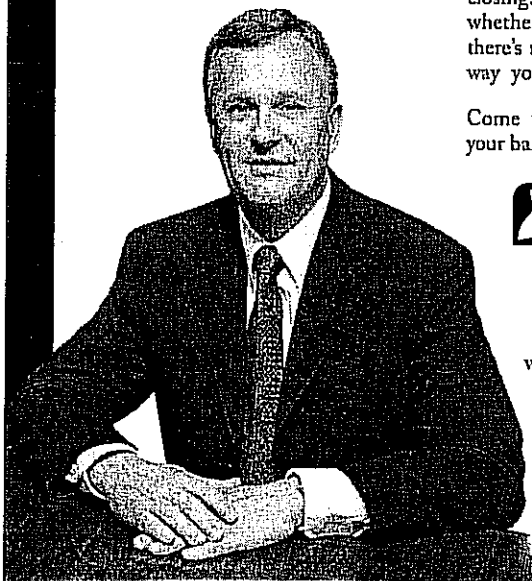
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202 N. 6th Avenue  
Wauchula  
773-4141

[www.seacoastnational.com](http://www.seacoastnational.com)

Mark Atom Smith  
President  
Big Lake Region

