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From: SIGTARP.response  
Sent: Friday, March 06, 2009 4:10 PM  
To: (b) (6)  
Subject: FW: Response to letter dated February 6th

-----Original Message-----

From: Al Nelson (b) (6)  
Sent: Monday, March 02, 2009 12:20 PM  
To: SIGTARP.response  
Cc: Phil Collins (E-mail)  
Subject: Response to letter dated February 6th

Mr. Neil M. Barofsky

Special Inspector General

Troubled Asset Relief Program

1500 Pennsylvania Ave., N.W.

Suite 1064

Washington, D.C. 20220

Dear Mr. Barofsky,

Sound Banking Company received \$3,070,000 of TARP funds on January 9, 2009. Our anticipated use of these funds is to make consumer and business loans in our local market area. To date we have increased our outstanding loans by \$1,600,000

and we intend to continue to make approximately \$1 million to \$2 million in new loans each month going forward. The TARP funds were not segregated from other institutional funds but measuring their impact and benefit to our bank

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and our community is relatively easy to do. Sound Bank would not have enough risk based capital without the TARP funds to continue to grow its loan portfolio and remain a well capitalized Bank. (b) (4)

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Our plans for addressing executive compensation requirements are as follows.

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We also believe that all other forms of executive compensation are well within the limitations and guidelines established by the Department of Treasury.

I certify that all statements, representations and supporting information provided in this letter are accurate and comply with the requirements of Title 18, Section 1001 of the United States Code.

I can be reached at (b) (6) if you require additional information.

Sincerely

Allen T. Nelson, Jr.

Chief Financial Officer

Sound Banking Company

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