



February 18, 2009

Mr. Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW; Suite 1064
Washington, D.C. 20220

Re: SIGTARP Information Request ~ Certification
UST Sequence Number 181

Special Inspector General Barofsky,

Attached to this letter is Seacoast Commerce Bank's response to your Request for Information letter dated February 6, 2009. If you should have any questions, please do let me know.

Sincerely,

A handwritten signature in cursive script that reads "Richard M. Sanborn".

Richard M. Sanborn
President & Chief Executive officer

OFFICE OF THE SPECIAL INSPECTOR GENERAL
TROUBLED ASSET RELIEF PROGRAM
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

February 6, 2009

Mr. Richard M. Sanborn
Seacoast Commerce Bank
678 Third Avenue, Suite 310
Chula Vista, CA 91910

Dear Mr. Richard M. Sanborn,

The Emergency Economic Stabilization Act of 2008 ("EESA") that established the Troubled Asset Relief Program (TARP) also created the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP). SIGTARP is responsible for coordinating and conducting audits and investigations of any program established by the Secretary of the Treasury under the act. As part of an audit into TARP recipients' use of funds and their compliance with EESA's executive compensation requirements,

I am requesting that you provide my office, within 30 days of this request, the following information:

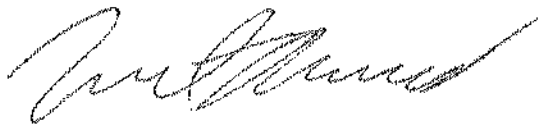
- (1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration 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.
- (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.

In connection with this request:

- (1) We anticipate that responses might well be quantitative as well as qualitative in nature regarding the impact of having the funds, and we encourage you to make reference to such sources as statements to the media, shareholders, or others concerning your intended or actual use of TARP funds, as well as any internal email, budgets, or memoranda describing your anticipated use of funds. We ask that you segregate and preserve all documents referencing your use or anticipated use of TARP funds such as any internal email, budgets, or memoranda regarding your anticipated or actual use of TARP funds.
- (2) Your response should include copies of pertinent supporting documentation (financial or otherwise) to support your response.
- (3) Further, I request that, your response be signed by a duly authorized senior executive officer of your company, including a statement certifying 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.
- (4) Responses should be provided electronically within 30 days to SIGTARP at SIGTARP.response@do.treas.gov, with an original signed certification and any other supporting documentation mailed to: **Special Inspector General – TARP; 1500 Pennsylvania Avenue, NW; Suite 1064; Washington, D.C. 20220.**

We think this initiative is vital to providing transparency the TARP program and the ability of SIGTARP and others to assess the effectiveness of TARP programs over time. If you have any questions regarding this initiative, please feel free to contact Mr. Barry W. Holman, my Deputy Inspector General for Audit at (202) 927-9936.

Very truly yours,



Neil M. Barofsky
Special Inspector General

OMB Control No. 1505-0212
(Expires August 2009)

February 18, 2009

Mr. Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW; Suite 1064
Washington, D.C. 20220

Re: SIGTARP Information Request ~ Certification
UST Sequence Number 181

Information Request ~ Certification

Dear Mr. Barofsky,

I, Richard M. Sanborn, Principal Executive Officer of Seacoast Commerce Bank (“Company”), a California State chartered banking company, do hereby provide and certify to the following information in response to your Request for Information letter dated February 6, 2009, as following:

1. A narrative response specifically outlining:
 - (a). Our anticipated use of the TARP funds;
 - i. We received \$1.8 million in TARP funds on December 23, 2008. We
(b) (4)
 - (b). Whether the TARP funds were segregated from other institutional funds;
 - i. We did not segregate TARP funds from other institutional funds, however, we do have a spreadsheet designated to track disbursement of the funds. Please see Exhibit 1.
 - (c). Our actual use of TARP funds to date:
 - i. We have not disbursed any funds as of 02-18-09.
 - (d). Our expected use of unspent TARP funds;
 - i. **(b) (4)**

At the time of our application for TARP funds, we intended to use the funds to help the deteriorating real estate market in San Diego County, which is what the funds were originally supposed to be use for. By receiving TARP funds, we will also be able to assist borrowers who need larger lending facilities than we can currently handle, due to the increased lending capacity afforded by the Preferred Securities issued to the US Treasury.

2. We have implemented all of the specific SEO compensation requirements and guidelines under the US Treasury TARP program as follows:
- (a). The Compensation Committee met, reviewed, and certified that the SEO incentive compensation arrangements did not encourage unnecessary or excessive risks that threatened the value of the institution. Please see Exhibit 2.
 - (b). The Company has required that any SEO bonus and incentive compensation plan be subject to recovery or "clawback", if payments were based on materially inaccurate financial statements or performance metrics. Please see Exhibit 3.
 - (c). The Company has prohibited any "golden parachute" payments to a SEO. Please see Exhibit 3.
 - (d). The Company has instituted procedures to limit the deduction for remuneration to SEO's to \$500,000 for the most recently ended fiscal year, (b) (4)
(b) (4) Please see Exhibit 3.

As support for the responses, attached to this letter are:

- 1. Seacoast Commerce Bank – Application of TARP Funds worksheet (Exhibit 1).
- 2. Compensation Committee Certification for 2009 (Exhibit 2).
- 3. Principal Executive Officer Certification of February 18, 2009 (Exhibit 3).

IN WITNESS THEREOF, I, Richard M. Sanborn, Principal Executive Officer of Seacoast Commerce Bank, do hereby certify that the statements, representations, and supporting information provided herein are accurate, that I duly executed this Certificate, and that I cause it to be delivered as of February 18, 2009, subject to the requirements and penalties set forth in Title 18 of the United States Code, Section 1001.



Richard M. Sanborn
Principal Executive Officer
Seacoast Commerce Bank

cc: Federal Deposit Insurance Corporation
Department of Financial Institutions
TARP Chief Compliance Officer

Seacoast Commerce Bank
 Application of TARP Funds

As of: 2/18/2009

Amount Received: 12/23/2008 \$ 1,800,000

Borrower	Date Funded	Commitment Amount	Term	Funded	Uses
b(4), b(6)	1/16/2009	\$ 2,250,000	b(4)	-	b(4)
		\$ 1,950,000		-	
				-	
				-	
				-	
				-	
				-	
				-	
		\$ 4,200,000		-	
Total Committed				-	
Total Funded				-	
				\$ 1,800,000	
Funds Available to Lend				\$ 1,800,000	

Total Committed
 Total Funded

Funds Available to Lend

(b) (8)

(b) (8)