Small Business Lending Fund
Mutual Institution Senior Securities

Summary of Terms

Issuer:	The term "Issuer" means: (i) an insured depository institution with total consolidated assets of less than $10 billion that is not controlled by a bank holding company or savings and loan holding company and is not directly or indirectly controlled by any company or other entity that has total consolidated assets of $10 billion or more; or (ii) a bank holding company or savings and loan holding company with total consolidated assets of less than $10 billion; and that is organized in mutual form under the laws of the United States or any State of the United States, the District of Columbia, or any territory or possession of the United States.
Application:	Institutions must apply to the United States Department of the Treasury ("Treasury") to be considered for investments from the Small Business Lending Fund (the "Fund").
Financial Instrument:	Unsecured subordinated debentures ("Senior Securities") that do not constitute a class of stock or represent equity ownership in the Issuer. Each debenture representing a Senior Security shall be in the principal amount of $1,000.
Regulatory Capital Treatment:	Tier 2.
Investment Amount:	<u>Issuers with $1 billion or less in total assets – 5% of risk-weighted assets:</u> An Issuer that is not controlled by a bank holding company or savings and loan holding company and has total assets of $1 billion or less, or that is a bank holding company or savings and loan holding company that has total assets of $1 billion or less may issue a total amount of Senior Securities equal to not less than 1% and not more than 5% of its risk-weighted assets ("RWA"). <u>Issuers with $1 billion to $10 billion in total assets – 3% of RWA:</u> An Issuer that is not controlled by a bank holding company or savings and loan holding company and has total assets of more than $1 billion and less than $10 billion, or that is a bank holding company or savings and loan holding company that has total assets of more

than $1 billion and less than $10 billion may issue a total amount of Senior Securities equal to not less than 1% and not more than 3% of its RWA.

Issuers requiring a matching private investment – 3% RWA:
An Issuer that qualifies for an investment from the Fund in conjunction with a matching private investment ("Private Investment") shall receive from one or more private, non-government investors an amount of Private Investment equal to at least the amount to be invested by the Fund (or such greater amount as may be specified by Treasury). For such Issuers, the Fund's investment will not exceed 3% of the Issuer's RWA. Private Investment shall be subordinate to the Senior Securities and carry terms satisfactory to Treasury. The source of such capital shall not be any other institution that has received or applied to receive an investment from the Fund. Private Investment shall include any qualifying capital raised after September 27, 2010, net of subsequent dividends, interest payments, repurchases, and redemptions.

Issuers refinancing capital from the Capital Purchase Program (CPP) or Community Development Capital Initiative (CDCI)
The Issuer must redeem any outstanding CPP or CDCI senior securities on or prior to the date of Treasury's investment (the "Investment Date"). The Issuer may apply to receive an investment in excess of the aggregate amount of the outstanding CPP or CDCI senior securities subject to the above minimum and maximum investment size limitations. Issuers refinancing capital from CPP or CDCI may not qualify under the Private Investment provision.

Total assets are measured as reported in the call reports (or in the case of savings associations, Thrift Financial Reports) of the Issuer or, for holding companies, the combined total assets reported in the call reports of the Issuer's insured depositary subsidiaries, as of the end of the fourth quarter of calendar year 2009, and RWA is measured as reported in the most recent call reports as of the date of application.

Ranking: With respect to all distributions, the Senior Securities will rank senior to mutual capital certificates and any other capital instruments authorized under applicable law. The Senior Securities shall be expressly subordinated to (i), if issued by a bank or savings association, claims of depositors and the Issuer's other debt obligations to its general and secured creditors and (ii), if issued by a holding company, senior indebtedness of the Issuer, in accordance with applicable regulations, unless, in the case of either (i) or (ii), such debt obligations are expressly made *pari passu* or subordinate to the Senior Securities.

Calculation of Qualified Small Business Lending: Qualified Small Business Lending, as measured for the purpose of calculating the interest rate for the Senior Securities, is defined as the sum of all lending by the Issuer of the following types, as reported in the Issuer's most recent quarterly call report:

(i) commercial and industrial loans;

(ii) owner-occupied nonfarm, nonresidential real estate loans;

(iii) loans to finance agricultural production and other loans to farmers; and

(iv) loans secured by farmland;

and, within these loan categories, excluding:

(i) any loan or group of loans to the same borrower and its affiliates with an original principal or commitment amount greater than $10 million or that is made to a borrower that had (or whose ultimate parent company had) more than $50 million in revenues during the most recent fiscal year ended as of the date of origination;

(ii) to the extent not included in (i) or (iii), the portion of any loans guaranteed by the U.S. Small Business Administration, any other U.S. Government agency, or a U.S. Government-sponsored enterprise; and

(iii) to the extent not included in (i) or (ii), the portion of any loans held by the Issuer for which the risk is assumed by a third party (for example, the portion of loans that have been participated),

while, further, adding to the amount determined above, the cumulative amount of net loan charge-offs with respect to Qualified Small Business Lending as measured since, and including, the quarter ending September 30, 2010.

The amount of Qualified Small Business Lending, including the exclusions listed above, shall be calculated and reported (the "Initial Supplemental Report") by the Issuer on the Investment Date and during each quarter in which the Senior Securities remain outstanding in a format specified by Treasury (each, a "Quarterly Supplemental Report"), concurrent with the Issuer's publication of its call report.

Calculation of Lending Baseline: Not later than five business days prior to the Investment Date, the Issuer shall submit an Initial Supplemental Report reporting Qualified Small Business Lending as of the Investment Date and for the each of the four full quarters ending on June 30, 2010. In calculating such Qualified Small Business Lending, if any gains in Qualified Small Business Lending resulted from mergers and acquisitions, or purchases of loans during any quarter during such four quarter period, the Issuer shall recalculate Qualified Small Business Lending for all earlier quarters in such four quarter period to include such gains on a pro forma combined basis. The average of Qualified Small Business Lending reported for these four quarters shall be the baseline against which subsequent lending is measured (the "Baseline").

When applicable, at the beginning of each quarter that begins after the Investment Date, the Baseline will be increased by the amount of any gains realized by the Issuer resulting from mergers and acquisitions, or purchases of loans, as measured since, and including, the quarter ending on September 30, 2010.

Maturity: The date (the "Maturity Date") that is ten years from the date of the investment. On the Maturity Date, the Issuer shall repay to Treasury the principal amount together with all accrued and unpaid interest.

Interest Rate: The Senior Securities shall pay cumulative quarterly interest. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The interest rate will be adjusted to reflect the amount of an Issuer's change in Qualified Small Business Lending from the Baseline, based on the following schedule: [1]

	Interest Rate Following Investment Date		
Increase in Qualified Small Business Lending over Baseline	**First 9 Quarters**	**Quarter 10 to Year 4.5**	**After Year 4.5**
0% or less	7.7%	10.8%	13.8%
more than 0%, but less than 2.5%	7.7%	7.7%	13.8%
2.5% or more, but less than 5%	6.2%	6.2%	13.8%
5% or more, but less than 7.5%	4.6%	4.6%	13.8%
7.5% or more, but less than 10%	3.1%	3.1%	13.8%
10% or more	1.5%	1.5%	13.8%

*For the first nine quarters, the interest rate will be adjusted quarterly

Initial rate and adjustments in the first ten quarters:
On the Investment Date, and at the beginning of each of the next ten calendar quarters thereafter, the amount of Qualified Small Business Lending reported by the Issuer in the most recent Supplemental Report will be compared to the Baseline amount of Qualified Small Business Lending. The interest rate will be adjusted to reflect the amount of an Issuer's change in Qualified Small Business Lending from the Baseline, as reflected in the table above.

Rate adjustments following the first ten quarters:
The rate in effect at the beginning of the tenth full calendar quarter after the Investment Date will be payable until the expiration of the four-and-one-half-year period beginning on the Investment Date.

If, at the beginning of the tenth full calendar quarter after the Investment Date, the Issuer's most recent Quarterly Supplemental Report shows that the amount of Qualified Small Business Lending has not increased relative to the Baseline, the interest rate will increase to 10.8% per annum until the four-and-one-half-year period that started on the Investment Date expires.

Limitation on rate reductions:
The reduction in the interest rate will not apply to a dollar amount of the investment that is greater than the dollar amount of the increase in Qualified Small Business Lending since the Baseline. Interest on any amount that is in excess of the increase in the amount of Qualified Small Business Lending will be payable at a rate of 7.7% per annum until the expiration of the four-and-one-half-year period that begins on the Investment Date, and 13.8% per annum thereafter.

[1] The rates listed equate to after-tax effective rates (assuming a 35% tax rate) equivalent to the dividend rate paid by other classes of institutions participating in the Fund through the issuance of preferred stock. For mutual institutions that are tax-exempt, the interest rate paid will be established equivalent to the dividend rate paid by such other institutions.

Rate adjustment 4.5 years after the Investment Date:
At the expiration of the four-and-one-half-year period that begins on the Investment Date, the interest rate will increase to 13.8% per annum.

Timing:
Interest shall be payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year.

Lending Incentive Fee: For Issuers that participated in CPP, and did not redeem, or apply to redeem, the CPP investment on or prior to December 16, 2010, if at the beginning of the tenth calendar quarter after the Investment Date, the Issuer's most recent Supplemental Report shows that the amount of Qualified Small Business Lending has not increased relative to the Baseline, then at the beginning of the fifth anniversary of the CPP investment, and at the beginning of each full calendar quarter thereafter, the Issuer shall pay Treasury a lending incentive fee equal to 3.1% per annum of the aggregate principal amount of the then-outstanding Senior Securities. This fee shall end 4.5 years after the Investment Date.

Redemption: The Senior Securities may be redeemed at any time at the option of the Issuer, subject to the approval of the appropriate federal banking agency. All redemptions of Senior Securities must be made at 100% of the issue price, plus any accrued and unpaid interest as of the date of redemption ("Redemption Date") for the quarter that includes the Redemption Date. All redemptions must be in amounts equal to at least 25% of the number of originally issued debentures, or 100% of the then outstanding debentures (if less than 25% of the number of originally issued debentures).

Right to Pay Dividends and Repurchase Shares: Unless otherwise restricted by the appropriate federal or state banking agency, the Issuer may pay interest on, or repurchase, mutual capital certificates or other capital instruments authorized under applicable law, or pay extraordinary dividends on deposit accounts (dividends in excess of the stated rate), subject to the limitations listed under "Provisions upon Nonpayment of Interest," if after giving effect to the interest or dividend payment or repurchase, the dollar amount of the Issuer's total risk-based capital would be at least 90% of the amount existing at the time immediately following the Investment Date (the "Risk-Based Capital Threshold"), excluding any subsequent net charge-offs, redemptions at maturity of other Tier 2 instruments, and redemptions of the Senior Securities since the Investment Date, subject to (i) and (ii) below:

(i) During the period beginning on the first day of the tenth quarter following the Investment Date and, if the Issuer is subject to (ii) below, ending on the day before the tenth anniversary of the Investment Date, for every 1% increase in Qualified Small Business Lending the Issuer has achieved above the Baseline, the Risk-Based Capital Threshold will be decreased by a dollar amount equal to 10% of the amount of the Senior Securities investment; and

(ii) During the period beginning on the tenth anniversary of the Investment Date and ending on the Redemption Date, the Issuer may not effect any repurchases or pay any interest on mutual capital certificates or other capital instruments.

Provisions upon Nonpayment of Interest:

For any missed payment:

The following restrictions will apply whenever interest payable on the Senior Securities has not been paid for any quarterly interest period:

(i) The Chief Executive Officer and Chief Financial Officer of the Issuer will be required to provide written notice, in a form reasonably satisfactory to Treasury, which is to include the rationale of the Issuer's board of directors for not paying interest; and

(ii) No repurchases may be effected and no interest may be paid on mutual capital certificates or any other capital instrument, and no extraordinary dividends may be paid on deposit accounts, until all accrued interest on the Senior Securities has been paid in full.

After four missed payments:

Whenever interest on the Senior Securities has not been paid for four quarterly interest periods or more, whether or not consecutive, and during such time the Issuer was not subject to a regulatory determination that prohibits the payment of interest, the board of directors of the Issuer must certify, in writing, that the Issuer used best efforts to pay such quarterly interest in a manner consistent with safe and sound banking practices and the directors' fiduciary obligation.

After five missed payments:

Whenever interest on the Senior Securities has not been and paid for five quarterly interest periods or more, whether or not consecutive, Treasury will have the right, but not the obligation, to appoint a representative to serve as an observer on the Issuer's board of directors. This right will end when full interest has been paid for four consecutive subsequent interest periods.

After six missed payments:

Whenever interest on the Senior Securities has not been paid for six quarterly interest periods or more, whether or not consecutive, if the principal amount of the Senior Securities is $25 million or more, the holder of the Senior Securities will have the right to elect two directors to the Issuer's board of directors. The right to elect directors will end when full interest has been paid for four consecutive subsequent interest periods.

Small Business Lending Plan:

The Issuer shall provide to the appropriate federal banking agency, and, if applicable, state banking agency, a small business lending plan at the time it submits its application for this program. The plan will be confidential supervisory information.

Downstreaming of Investment:

The Issuer, if it is a holding company, shall immediately contribute not less than 90% of the amount of Treasury's investment to its insured depository institution subsidiaries, excluding an amount equal to the Issuer's outstanding CPP or CDCI balance, if any; provided, that no insured depository institution may receive more than 5% of its RWA (if the Issuer has total assets of $1 billion or less), or 3% of its RWA (if the Issuer has total assets of more than $1 billion and less than $10 billion).

Voting Rights: The Senior Securities will be nonvoting, other than for consent rights granted to Treasury with respect to (i) any authorization or issuance of shares ranking senior to the Senior Securities, (ii) any amendment to the rights of the Senior Securities, and (iii) any merger, exchange, dissolution, or similar transaction which would affect the rights of the Senior Securities.

Acceleration: Upon the placement of the Issuer or, in the case of a holding company, a significant bank subsidiary, into bankruptcy, receivership, conservatorship or liquidation, principal and accrued interest may become immediately due and payable (i.e., accelerated).

Transferability: The Senior Securities will not be subject to any restrictions on transfer. The Issuer may merge or sell all, or substantially all, of its assets (as well as, in the case of an Issuer that is a bank holding company, any insured depository institution subsidiary), provided that the rights of the Senior Securities and the obligations of the Issuer relating thereto are assumed and equivalent Senior Securities are issued by the successor entity.

Access and Information: The Issuer will permit the holder of the Senior Securities, the holder's designees, the Inspector General of the Department of the Treasury, and the Comptroller General of the United States to examine the Issuer's corporate books and discuss matters relevant to the investment with principal officers, after being provided with reasonable notice.

Certifications: The Issuer will provide the following certifications to Treasury:

(i) The Issuer's Chief Executive Officer and Chief Financial Officer, as well as the directors (trustees) of the Issuer who attest to the Issuer's call report (or those of its insured depositories, in the case of a holding company), will certify to Treasury that information provided on each Supplemental Report is accurate.

(ii) Following the Investment Date, within 90 days of the end of any fiscal year of the Issuer during which the Initial Supplemental Report or first ten Quarterly Supplemental Reports are submitted, the Issuer will receive and submit to Treasury a certification from its auditors that the Supplemental Reports are complete and accurate with respect to accounting matters, including policies and procedures and controls over such.

(iii) Annually, until the Redemption Date, the Issuer will certify to Treasury that (a) businesses that received loans from the Issuer following the Investment Date have certified to the Issuer that their principals have not been convicted of, or pleaded *nolo contendre* to a sex offense against a minor, as required by Section 4107(d)(2) of the Small Business Jobs Act of 2010, and (b) these certifications will be retained in accordance with standard recordkeeping practices established by the appropriate federal banking agency.

(iv) Annually, until the Redemption Date, the Issuer will certify to Treasury that it is in compliance with the Customer Identification Program requirements set forth in 31 C.F.R. § 103.121.

Issuers must submit valid and timely certifications to be eligible for any interest rate adjustment on the Senior Securities. Issuers must also complete a short annual lending survey.

No Relationship to TARP: The Fund was established by Congress as a separate and distinct Treasury program and is not related to the Troubled Asset Relief Program ("TARP"). An institution will not be considered a TARP recipient by virtue of receiving a capital investment from the Fund.

Change in Law: If, after a capital investment has been made in an eligible institution under the Program, there is a change in law that modifies the terms of the investment or program in a materially adverse respect for the eligible institution, the eligible institution may, after consultation with the appropriate federal banking agency for the eligible institution, repay the investment without impediment.

Warrants: Any warrants issued to Treasury under CPP by an Issuer that are outstanding as of the date of refinancing shall remain outstanding subsequent to such Issuer's refinancing into the Fund, unless such Issuer elects to repurchase such warrants. No new issuance of warrants is required for participation in the Fund.

Additional Information and Considerations: This document does not create a binding legal obligation. A binding obligation shall only arise pursuant to duly executed definitive documentation, subject to the satisfaction of closing conditions, including the absence of any material adverse change in the condition (financial or otherwise) of the Issuer.

Institutions on the Federal Deposit Insurance Corporation ("FDIC") problem bank list, or that have been on the FDIC problem bank list within the last 90 days (the FDIC problem bank list means the list of institutions that have a current rating of 4 or 5 under the Uniform Financial Institutions Rating System, or similar list designated by the FDIC) are ineligible to receive investments from the Fund.

Institutions that participated in CPP or CDCI but missed more than one interest payment due to Treasury while participating in CPP or CDCI, are ineligible to participate in the program. A missed payment is defined as a payment submitted more than 60 days after the due date, even if during the CPP or CDCI deferral period.

For Issuers that participated in CPP or CDCI and repaid, or applied to repay, the CPP or CDCI investment on or after December 16, 2010, on the Investment Date, the Issuer (i) must be in material compliance with all the terms, conditions and covenants of any CDCI or CPP agreement and financial instrument and (ii) must pay, in immediately available funds, the amount of any unpaid interest for all payment periods prior to the Investment Date, plus accrued and unpaid interest as of the date of refinancing for the payment period that includes the Investment Date.