



COMMUNITY BANKERS

B A N K

Resourceful. Responsive. Reliable.

CB Solutions

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Issue 4

OFFICERS, DIRECTORS & REG O LOANS

Q: With the increased scrutiny on insider loans, how can my bank provide for the business and personal lending needs of our Directors and Officers?

A: Community Bankers' Bank ("CBB") Executive Loan Program is the ideal solution for the credit needs of your bank's Directors and Officers. Our Reg O loan program is fast and efficient. The loan may be used for a variety of needs, from stock purchase to personal and business purposes. Our rates are favorable, and the program can be customized to a particular situation.

Basic guidelines of the program are as follows:

- **Stock Secured Loans or Lines of Credit (LOC)** – Up to \$250,000 is available in two options:
 - A fully amortizing Term Loan for up to five (5) years, or
 - A demand basis LOC where principal is repaid at borrower's discretion (or upon demand by bank) and interest is paid monthly. Demand LOCs are reviewed annually for continuation and expire in five (5) years when they are due and payable in full.
 - The maximum loan-to-value for non-purpose loans secured by marginable or non-marginable stock (defined by Reg. U) is 75% of fair market value or book value at CBB's discretion. Purpose loans secured by margin stock shall not exceed 50% of fair market value. All pledged securities must be in the name of the applicant and issued without any restrictions.
- **Unsecured Loans** – Up to \$100,000 is available for qualified borrowers. Unsecured loans are fully amortized in three (3) years.
- **Second Deed of Trust Loan/LOC** – Up to \$250,000 is available on owner-occupied primary residences where the total of the first and second mortgages do not exceed a loan-to-value of 90%. Appraisals are required for commitments of \$100,000 or greater. Ten (10) year terms are offered with a revolving option during the first three (3) years, thereafter the loan fully amortizes for the remaining seven (7) year term of the loan.
- The applicable interest rate is based on the Fed Funds Target Rate + 2.00% for Secured Loans and 3.00% for Unsecured Loans. The interest rate may be subject to an interest rate floor and shall not exceed 18.00%. The APR may vary over the life of the loan.

The minimum program loan commitment is \$25,000 and minimum advance is \$10,000. A \$250.00 fee shall apply at closing and for all renewals or extensions. Applicants are responsible for all fees necessary to close the loan.

As your partner and the only bankers' bank headquartered in the Fifth Federal Reserve District, CBB only does business with community banks, and not their customers. We are committed to strengthening community banks in our market.

For more information on how we can assist your bank, please contact:

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