

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

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)	
COMMUNITY BANK OF ROWAN)	ORDER CONDITIONALLY
SALISBURY, NORTH CAROLINA)	GRANTING APPROVAL
(INSURED DEPOSITORY INSTITUTION))	FOR WAIVER OF CROSS
)	GUARANTEE LIABILITY
)	
)	FDIC-11-069kk
)	

WHEREAS, on November 20, 2009, Commerce Bank of Southwest Florida, Fort Myers, Florida (Commerce) failed and caused a loss to the Federal Deposit Insurance Corporation (FDIC); and

WHEREAS, at the time of its failure, Commerce was controlled by Capitol Bancorp, Ltd., Lansing, Michigan, a bank holding company (BHC); and

WHEREAS, at the time of Commerce's failure, BHC also controlled Community Bank of Rowan, Salisbury, North Carolina (Bank); and

WHEREAS, pursuant to 12 U.S.C. § 1815(e)(8), Bank and Commerce were commonly controlled at the time of the failure of Commerce; and

WHEREAS, pursuant to 12 U.S.C. § 1815(e)(1)(A), at the time of Commerce's failure, Bank incurred a cross-guarantee liability to the FDIC in connection with the FDIC's actual and anticipated losses in connection with Commerce's failure; and

WHEREAS, on November 19, 2010, BHC and Piedmont Community Bank Holdings, Inc., Raleigh, North Carolina (Piedmont), an existing bank holding company, entered into a definitive agreement by which BHC agreed to sell to its stake in the Bank to Piedmont; and

WHEREAS, BHC, Piedmont, and Bank have filed an application with the FDIC pursuant to 12 U.S.C. § 1815(e)(5)(A) requesting the FDIC's consent to grant a conditional waiver of the Bank's cross-guarantee liability on the condition that all the proceeds from the sale of the shares of Bank that BHC receives are invested in other insured depository institutions that BHC controls; and

WHEREAS, BHC shall only use such sales proceeds to invest in other insured depository institutions controlled by BHC as permitted by prior, written non-objection from the Division of Risk Management Supervision (RMS) Chicago Regional Director; and

BE ADVISED, the Board of Directors (Board) of the FDIC has fully considered the facts and information relating to the conditional waiver of cross-guarantee liability and has concluded that approval of such application will be in the best interests of the Deposit Insurance Fund and should be granted by FDIC staff, subject to certain conditions and restrictions.

IT IS THEREFORE ORDERED THAT:

1. This ORDER CONDITIONALLY GRANTING APPROVAL FOR WAIVER OF CROSS GUARANTEE LIABILITY (ORDER) will become effective only upon the approval of the State of North Carolina and the Federal Reserve Bank of Richmond of Piedmont's notice of change in control and upon the actual consummation of the acquisition of the stock currently controlled by BHC. Absent such acquisition within 120 days from the date of issuance of the Order, the Order would become null and void unless, upon the written request of Piedmont, Rowan, and BHC, the FDIC, in its

discretion, grants an extension of that time period with a subsequent order issued by the Director of RMS.

2. The exemption granted by the ORDER may not be conveyed to a third party or otherwise transferred.
3. Concurrent with the acquisition of the Rowan stock owned by BHC, all sales proceeds shall be paid by Piedmont to an escrow agent on behalf of BHC, and the escrow agent shall immediately transfer (i) transaction expense payments to the accounts of documented recipients after receiving written non-objection from the FDIC for payment of such expenses and (ii) all net sales proceeds due BHC to the capital accounts of other insured depository institutions controlled by BHC as directed by BHC and specifically agreed to in writing by the FDIC Chicago Regional Director or his designee.
4. Immediately following consummation of the transaction, BHC shall provide evidence to the FDIC Chicago Regional Director that all of the sales proceeds were used consistent with Condition 3.
5. No proceeds from the transaction may be paid to any shareholder of BHC except payments in accordance with Condition 3.
6. Proceeds from the transaction may be used only as explicitly permitted in Condition 3 and may not otherwise be used for payment of operating or other expenses of BHC or any of its second-tier holding companies.
7. BHC, Piedmont, and Rowan shall inform the FDIC within one business day of any material changes to the proposed transaction, including the sales price and estimates of net proceeds.

8. BHC shall comply with the February 25, 2010, letter agreement with the FDIC.

Dated at Washington, D.C. this 29th day of March, 2011.

/s/
Sandra L. Thompson
Director, Division of Risk Management Supervision