

From the Desk of the President

While many of our competitors are struggling to survive, SCVBANK continues to succeed during these difficult times. Our conservative, relationship-based approach to banking has resulted in strong bank results. This is supported by a recent exam by our regulator. But, it's you, our customers we should thank

for continuing to honor your loan commitment and continuing to keep your loans current. We know the economy is hitting many businesses very hard, and with the high energy prices, it's a difficult environment in which to operate. This too will change, and I'm sure rosy days are ahead for all of us. Please let your friends

and acquaintances know that it's a great time to change to a bank that is financially strong and is "Working for You!"



Michael D. Hause
President/CEO

SCVBANK Advisory Board Member Named Man of the Year

On May 2, Santa Clarita business man and SCVBANK Advisory Board Member, Carl Goldman, was named Man of the Year for 2008. Carl's tireless efforts in aiding the community were recognized. Among Carl's many contributions to the Santa Clarita Valley include the founding of the SCV Disaster Coalition, and the co-founder of the Michael Hoeflin Foundation. Carl has served on many boards

including the SCV Chamber of Commerce, College of the Canyons Foundation, Providence Holy Cross and the Boys and Girls Club. Carl and his wife Jeri, own the local radio station, KHTS AM- 1220. They have two sons, the oldest of which is a cadet at West Point. The history of the Man & Women of the Year awards goes back to 1964, when the local chamber of commerce initiated the award. Today,

Santa Clarita Valley non-profit organizations submit the names of the nominees and the past recipients determine the winner based on the impact they have made to the community over the years.

Also nominated were Regional Vice President Kris Hough and Advisory Board Member Steve Sturgeon. We salute their efforts as well.

SCVBANK™ Stock Information

Santa Clara Valley Bank's stock is traded on the Over the Counter Bulletin Board with market symbol SCVE.OB.

Stock Information

Howe Barnes Hoefler & Arnett

Michael S. Hedrei

(800)774-8723

(415)538-5749

mhedrei@howebarnes.com

Wedbush Morgan Securities

Lisa Gallo

(866)491-7828

lisa.gallo@wedbush.com



When You Get In Trouble With Your Home by Terry Martin, C.P.A.

As we all know by now, the current housing market has now put many homeowners into a situation that they never expected to be in. When we purchase our “dream home” we never think about what happens if we can’t make the payments. This area of the tax and general law is very complex and full of many terms most people have never heard of. As you navigate thru these difficult times, there will be many decisions to be made based on situations you now find yourself in. You will hear terms you may have never heard of before and will hear a lot of inaccurate advice. Listed below are a few new words that you may want to add to your “financial vocabulary”.

Foreclosure- Foreclosure is the process of letting the bank become the owner of your property. This happens after you are generally more than six months behind on payments. Once this happens, you are relieved of your debt which may cause you to owe tax on the difference between the debt relief and the adjusted basis of your home. You will most likely receive a form 1099-A from your lender which will

be used in preparing your tax return.

Short Sale- A short sale is the term used when the lender allows you to sell your home for less than the outstanding debt. This happens while you are still current on your payments. The lender has final say on who can purchase the home and for what price. Once again, you are relieved of the debt and will receive a form 1099-COD at year end. This is a good alternative to foreclosure if you can find a buyer that the lender will accept.

Cancellation of Debt- The IRS considers the Cancellation of Debt (COD) to be taxable income to you. This may sound odd at first glance until you understand that you received a benefit from the original loan and now are not responsible for paying it back. Depending upon the situation, this may or may not be taxable to you.

Non Recourse Debt- When you first buy your home, you incur non recourse debt (as defined by California State Law). This means the bank can only look to the property (and not your other assets) for repayment of the debt. This is good debt to have if

you find yourself in trouble with your monthly payments. **Recourse Debt-** This type of debt is incurred when you re-finance your house. Instantly your non recourse debt becomes recourse debt. Most lenders will not tell you that now you are personally liable for repaying this debt. In addition, there may be serious tax ramifications for not paying this type of debt back to the lender.

Insolvency- A person is insolvent when their liabilities exceed their assets. If you are in this position, you may be able to avoid some of the tax traps that await a person who is solvent and just wants to “walk away” from their home.

One word of advice-please seek competent, honest advice when considering any option other than staying in your home. There are many complicated calculations that need to be done to determine the possible income tax ramifications of your decision. Inaccurate advice can cost you many dollars and anxiety that you can avoid. As in all financial matters, it is imperative to consult with your CPA and/or attorney before making any decisions.

SCVBANK™ Locations

Santa Paula Branch

901 East Main Street
Santa Paula, CA 93060
(805)525-1999



Member FDIC

Fillmore Branch

527 Sespe Avenue
Fillmore, CA 93015
(805)524-1999

Valencia Branch

24300 Town Center Dr. Ste. 100
Valencia, CA 91355
(661)255-9250

www.scvbank.com