

Section 1: 8-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
 Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 8, 2008

CRESCENT FINANCIAL CORPORATION

(Exact name of Registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation)	000-32951 (Commission File Number)	56-2259050 (IRS Employer Identification No.)
1005 HIGH HOUSE ROAD, CARY, NC (Address of principal executive offices)		27513 (Zip Code)

Registrant's telephone number, including area code **(919) 460-7770**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Recommendation communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 Other Events.

On December 8, 2008, Crescent Financial Corporation, Cary, North Carolina (the "Registrant"), parent company of Crescent State Bank, announced that it had received preliminary approval of its application to participate in the United States Department of the Treasury's TARP Capital Purchase Program (the "TCPP").

As a participant in the TCPP, the Registrant could receive up to \$24.9 million in capital from the United States Department of the Treasury in exchange for shares of preferred stock and warrants to purchase shares of the Registrant's common stock. The preferred stock would pay a 5% dividend for the first five years of the investment, after which the rate would increase to 9% if the preferred shares are not redeemed by the Registrant.

Final approval of the Registrant's participation in the TCPP by the United States Department of the Treasury is subject to satisfaction of certain conditions, including any necessary amendments to the Registrant's articles of incorporation and the execution of definitive agreements.

A copy of the press release regarding the Registrant's preliminary approval to participate in the TCPP is included as Exhibit 99.1 to this report.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

The following exhibits are filed herewith:

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF EXHIBIT</u>
99.1	Press Release dated December 8, 2008, regarding Registrant's preliminary approval to participate in the U.S. Treasury Capital Purchase Program

The Current Report on Form 8-K (including information included or incorporated by reference herein) may contain, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements regarding certain of the Registrant's goals and expectations with respect to earnings, income per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and (ii) statements preceded by, followed by or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions. These statements are based upon the current belief and expectations of the Registrant's management and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Registrant's control).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRESCENT FINANCIAL CORPORATION

By: /s/ Michael G. Carlton

Michael G. Carlton
President and Chief Executive Officer

Dated: December 11, 2008

EXHIBIT INDEX

**Exhibit
Number**

Description of Exhibit

99.1

Press Release dated December 8, 2008, regarding Registrant's selection to participate in the U.S. Treasury Capital Purchase Program

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Section 2: EX-99.1

Exhibit 99.1

Crescent State Bank Selected to Participate in U.S. Treasury Capital Purchase Program

Company Release - 12/08/2008 16:35

CARY, N.C., Dec. 8 /PRNewswire/ -- Crescent Financial Corporation, the parent company of Crescent State Bank, today announced that it has received preliminary approval of its \$24.9 million application to participate in the U.S. Department of the Treasury's Capital Purchase Program (TCPP). The program is designed to attract broad participation by healthy banking institutions to help stabilize the financial system and increase lending for the benefit of the U.S. economy. This approval is subject to certain conditions and the execution of definitive agreements.

As a participant in the TCPP, Crescent could receive up to \$24.9 million in capital from the Treasury in exchange for the issuance of shares of preferred stock and warrants for shares of Crescent's common stock. The preferred stock would pay a 5 percent dividend for the first five years, after which the rate would increase to 9 percent if the preferred shares are not redeemed by Crescent.

Although Crescent met or exceeded the regulatory requirements to be classified as a "well capitalized" institution as of Sept. 30, 2008, the TCPP investment will boost the company's capital ratios. As of Sept. 30, 2008, the company's Tier 1 leverage ratio, Tier 1 risk-based capital ratio and total risk-based capital ratio were 7.89 percent, 8.66 percent, and 10.77 percent respectively. On a pro forma basis including the TCPP funds, those respective ratios would increase to approximately 10.63 percent, 11.66 percent, and 13.77 percent as of the same date.

A summary of the TCPP can be found on the U.S. Treasury Department's Web site at www.ustreas.gov/initiatives/eesa.

Quotes:

"Crescent State Bank is pleased to be one of the community banks selected for participation in this program. We see the approval of Crescent State Bank's participation in this program as recognition of its strength and financial health and believe it will enhance our efforts to emerge from this uncertain economic environment as an even stronger financial institution. The increased capital will add to an already successful strategy of continued growth of relationship banking within the communities we serve," stated Mike Carlton, president and CEO at Crescent.

About Crescent State Bank:

Crescent State Bank is a wholly owned subsidiary of Crescent Financial Corporation. The bank has total assets of \$955.5 million, deposits of \$711.6 million, and net loans of \$759.1 million as of Sept. 30, 2008. The bank operates 13 full-service banking offices in the communities of Cary (2), Apex, Clayton, Garner, Holly Springs, Sanford, Southern Pines, Pinehurst, Raleigh, Knightdale and Wilmington (2), North Carolina. For more information, visit www.crescentstatebank.com.

Information in this press release contains "forward-looking statements." These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, and the effects of competition. Additional factors that could cause actual results to differ materially are discussed in Crescent Financial Corporation's recent filings with the Securities and Exchange Commission, including, but not limited to, its Annual Report on Form 10-K and its other periodic reports.

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SOURCE Crescent State Bank

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