ARTICLE 1
DUTIES AND RESPONSIBILITES

Section 1.1 General Purpose. The Loan Committee of Plumas Bancorp ("Bancorp") and Plumas Bank ("Bank") shall have the following general duties:

a) Oversee the credit administration process of the Bancorp and Bank to ensure that credit risk and credit concentrations are managed in a prudent manner, consistent with industry-wide safety and soundness practices,
b) Monitor the development of loan policy by management to ensure sound lending practices are operative within the Bancorp and Bank,
c) Oversee the Bancorp and Bank's loan approval process, including the delegation of lending authority to Management Loan Committee (MLC), Officer Loan Committee, Ag Officer Loan Committee and to the CEO and the approval of loans as required under Board Loan Policy,
d) Oversee the problem loan management identification and collection system including Management Asset Resolution Committee (MARC) actions,
e) Review the adequacy of the allowance for credit losses prepared by Management,
f) Review and evaluate pertinent legislative and regulatory developments impacting credit risk management, and,
g) Discuss and evaluate local market economic conditions affecting loan portfolio quality.

Section 1.2 Reporting to Board; Board Responsibility. The Loan Committee shall report regularly to the Bancorp and Bank Board. The Committee shall also have the authority, to the extent it deems necessary, to retain internal or external legal, accounting, or other consultants or advisers to advise the Committee. The Bancorp and Bank Board and management shall ensure that the Loan Committee has adequate resources and authority to discharge its responsibilities.

Section 1.3 Policy Development and Approval. The Loan Committee shall work with the Bancorp and Bank Board and management in instituting loan policy for the Bancorp and Bank. Loan policy originates with management and is submitted to the Loan Committee for review and concurrence. Loan policy is then submitted by the Loan Committee with its recommendation to the Bancorp and Bank Board for approval. The Loan Policy shall address responsible credit administration practices regarding such matters as:

a) Credit policy and loan portfolio risk management guidelines.
b) Management loan approval limits.
c) Concentrations of credit parameters.
d) Adequacy of the allowance for credit losses.

Section 1.4 Policy Implementation Oversight. The Loan Committee shall develop a process for reviewing and evaluating the implementation of loan policy at the Bancorp and Bank. This process shall include reviewing reports presented by management on the status and quality of the loan portfolio at the Loan Committee's meeting. The Loan Committee shall review the quality of the credit administration function through an evaluation conducted by a reputable third-party on at least an annual basis, as directed by the Audit Committee of the Bancorp and Bank. The results of this evaluation shall be reported to the Audit Committee and the Loan Committee. The Loan Committee shall periodically inquire of management regarding the status of any items requiring corrective action as identified through the third-party evaluation.

ARTICLE 2
ORGANIZATION

Section 2.1 Membership. The Loan Committee will consist of at least three (3) members. A majority of the members of the Loan Committee must be Outside Directors. An "Outside Director" is any director of the Bancorp and Bank who is independent as determined in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission, and the rules of NASDAQ, as applicable except as otherwise permitted by such rules.

Section 2.2 Appointment and Term. The Chair of the Board of the Bancorp and Bank shall appoint members and Chair of the Loan Committee, respectively. The Chair's appointments shall be presented to the Corporate Governance Committee who shall recommend confirmation of names to the Bancorp and Bank Board for approval. These appointments to the Loan Committee made by the Chair of the Board are subject to a term of one year. Those appointed will serve at the discretion of the Bancorp and Bank Board.

Section 2.3 Duties of Chair. The Loan Committee Chair will preside over all meetings of the Loan Committee and perform any duties as may be assigned by the Bancorp and Bank Board from time to time.

Section 2.4 Resignation. Any member of the Loan Committee may resign, effective upon giving formal notice to the Chair of the Bancorp and Bank Board unless the notice specifies a later time for the effectiveness of the resignation.

Section 2.5 Vacancies. All vacancies on the Loan Committee, however created, may be filled by the Bancorp and Bank Board, subject to nomination by the Chair of the Bancorp and Bank Board and confirmation of the Corporate Governance Committee. Each member of the Loan Committee so appointed will hold office until the expiration of the appointed term or until a successor is appointed and qualified.

Section 2.6 Regular Meetings. Regular meetings of the Loan Committee will be held at the time and place as the Loan Committee determines. Regular meetings of the Loan Committee will be held at least quarterly, unless not deemed necessary by the Chair of the Loan Committee. Any change in the time or place of a regularly scheduled meeting will require:

(a) The consent of a majority of the members of the Loan Committee; and
(b) Five days' notice by mail or twenty-four hours' notice received personally, by telephone, electronic mail ("e-mail"), or similar transmission.

Section 2.7 Special Meetings. Special meetings of the Loan Committee may be called at any time by the Chair of the Loan Committee, any two voting members of the Loan Committee, the Chief Executive Officer of Bancorp and Bank, Chief Credit Officer of the Bank, or by a majority of the Bancorp and Bank Board. Special meetings may be held upon five days' notice by mail or twenty-four hours' notice received personally, by telephone, e-mail, or similar transmission. Notice of special meetings need not be given to any member who:

(a) Before or after the meeting, signs (i) a waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the subject minutes; or

(b) Attends the meeting without protesting the lack of notice to such member.

Section 2.8 Voting. If the Loan Committee is comprised of an even number of directors, one-half of the number of members will constitute a quorum for the transaction of business. If the Loan Committee is comprised of an odd number of directors, a majority of the Loan Committee members will constitute a quorum for the transaction of business. Every action consented to by a majority of the Loan Committee members present at a meeting (at which a quorum is present) will be regarded as an act of the Loan Committee, unless other consent is required pursuant to this Charter, the Articles of Incorporation or Bylaws of Bancorp and Bank or applicable law.

Section 2.9 Minutes. The Chair of the Loan Committee will ensure that minutes and other relevant records of the meetings and activities of the Loan Committee are maintained. The minutes will be available for review by Loan Committee members, the Bancorp and Bank Board and any regulatory agency having authority over the affairs of Bancorp and Bank. In the event of any meeting in "executive session," the Chair will designate an Acting Secretary of the Loan Committee for the purpose of recording the minutes of actions taken at the meeting or "executive session" thereof.

Section 2.10 Presence at Meetings. Members of the Loan Committee may participate in a meeting through telephone or similar communication equipment, so long as all members participating in the meetings can hear from one another. A telephone poll or electronic communication such as e-mail or other similar transmission may be conducted for the purposes of obtaining loan or other required approvals between regularly scheduled meetings to facilitate client service. In such cases, the telephone poll or electronic communication may be conducted where all members participating may not hear one another. Use of these alternate meeting methods when all members cannot hear one another will be on an exception basis and only for routine renewals and/or routine loan modifications. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting. Written records of the results of a telephone poll or electronic communication shall be reported at the next regularly scheduled Loan Committee meeting by management.

Section 2.11 Amendments. This Charter of the Loan Committee may be amended only by a resolution by the Bancorp and Bank Board.

Section 2.12 Delegation of Authority. This Loan Committee may form and delegate authority to subcommittees when appropriate.