

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): April 21, 2011

**MACATAWA BANK CORPORATION**  
(Exact name of registrant as specified in its charter)

**Michigan**  
(State or other jurisdiction of  
Incorporation)

**000-25927**  
(Commission File Number)

**38-3391345**  
(I.R.S. Employer  
Identification No.)

**10753 Macatawa Drive, Holland, Michigan**  
(Address of principal executive  
offices)

**49424**  
(Zip Code)

**(616) 820-1444**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former name or former address, if changed since last year)

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).
  - Pre-commencement 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)).
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**Item 1.01 Entry into a Material Definitive Agreement.**

As of November 2010, Macatawa Bank Corporation (the "Holding Company") had cash and cash equivalents it estimated to be sufficient to fund the projected operating expenses of the Holding Company for all of 2011. However, in December 2010, the Federal Reserve Bank of Chicago required the Holding Company to contribute to Macatawa Bank, the Holding Company's wholly-owned subsidiary, \$870,955, which the Holding Company had received in July 2010 as a federal tax refund. As a result, management projections indicated that the Holding Company would not have sufficient cash available to pay the ordinary and necessary expenses it expects to incur in 2011 without an infusion of additional cash.

In order to temporarily replenish the Holding Company's liquidity pending the Holding Company's planned public offering of common stock, on April 21, 2011, the Holding Company issued and sold a 2% Subordinated Note Due 2018 in the aggregate principal amount of \$1,000,000 (the "Note") to Richard L. Postma for \$1,000,000 in cash.

The Note will mature on April 30, 2018 (the "Maturity Date"). The Holding Company may prepay the Note in whole or in part at any time from and after September 30, 2011. The Note has an interest rate of 2% per annum computed on the basis of a 360-day year of 12 30-day months, compounded quarterly in arrears on March 31, June 30, September 30 and December 31 in each year commencing June 30, 2011. Accrued interest will not be paid quarterly or in other periodic intervals and will be paid in full at the Maturity Date or the date that the principal amount of the Note is paid in full.

If and when the Holding Company conducts a registered public offering of Holding Company common stock prior to April 30, 2012, the Note allows the holder to purchase shares offered in the public offering and to pay the cash price of shares purchased at the public offering price by delivering the Note to the Company at a value equal to the principal and interest accrued. The right may be exercised only in full and not in part. Under the Note, the holder also has a continuing right to convert the Note in full into Holding Company common stock in accordance with the terms of the Note.

The Note will be an unsecured, subordinated obligation of the Holding Company and will rank junior in right of payment to the Holding Company's senior indebtedness and to the Holding Company's obligations to its general creditors. However, the Note will rank equally with general creditors in certain circumstances if the Note no longer qualifies as Tier 2 capital for regulatory purposes. The Note will rank senior to the junior subordinated indebtedness incurred in connection with the Holding Company's trust preferred securities. The Note will have equal priority with the 11% Subordinated Notes due 2017 previously issued by the Holding Company.

This summary of the Note does not purport to be a complete description of the Note and is qualified in its entirety by reference to the Form of Subordinated Note attached filed as Exhibit 4.1 to this report.

Richard L. Postma, the purchaser of the Note, is a director and the Chairman of the Board of Directors of the Holding Company and its subsidiary, Macatawa Bank. The Holding

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Company's management believes that the 2% interest rate on the Note compares very favorably with the 11% interest rates on the Company's existing subordinated notes and is significantly below the current market rate for similar transactions. The transaction reported in this item, including the issuance of the Note, the price and terms of the Note, the issuance of common stock upon exchange for or conversion of the Notes, the Subscription Agreement and Mr. Postma's purchase of the Note were authorized and approved by the Audit Committee of the Board of Directors of the Holding Company under authority delegated to the Audit Committee by the Board of Directors. The Audit Committee is comprised entirely of independent directors. The Company's Audit Committee Charter charges the Audit Committee with the authority and responsibility to review and approve all transactions between the Company and related persons that are required to be reported under SEC Regulation SK Item 404. Mr. Postma did not participate in any Committee deliberations or voting with respect to this transaction. The Audit Committee also determined that the relationship established by the purchase of the Note would not, in the opinion of the Audit Committee, interfere with Mr. Postma's exercise of independent judgment in carrying out his responsibilities as a director and Chairman of the Board of Directors.

**Item 3.02 Unregistered Sales of Equity Securities.**

The discussion in Item 1.01 of this current report is here incorporated by reference. The offer and sale of the Note was exempt from the registration requirements of the Securities Act of 1933 (the "Act") because the transaction did not involve any public offering.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

- 4.1 Form of 2% Subordinated Note due 2018
  - 10.1 Form of 2% Subordinated Note due 2018 - Exhibit 4.1 is here incorporated by reference
  - 10.2 Form of Subscription Agreement
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**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.

Dated: April 22, 2011

MACATAWA BANK CORPORATION

By /s/ Jon W. Swets  
Jon W. Swets  
Chief Financial Officer

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## EXHIBIT INDEX

Exhibit  
Number

Document

4.1	Form of 2% Subordinated Note due 2018
10.1	Form of 2% Subordinated Note due 2018 - Exhibit 4.1 is here incorporated by reference
10.2	Form of Subscription Agreement

Exhibit 4.1

**THIS OBLIGATION IS NOT A DEPOSIT AND IS NOT INSURED BY THE UNITED STATES OR ANY AGENCY OR FUND OF THE UNITED STATES, INCLUDING THE FEDERAL DEPOSIT INSURANCE CORPORATION. THIS OBLIGATION IS SUBORDINATED TO THE CLAIMS OF ALL GENERAL CREDITORS OF MACATAWA BANK CORPORATION AND IS NOT SECURED.**

**MACATAWA BANK CORPORATION**

**2% Subordinated Note Due 2018**

\$ 1,000,000  
No. 1

April 21, 2011  
Issue Date

FOR VALUE RECEIVED, Macatawa Bank Corporation (the "Company"), promises to pay to the order of Richard L. Postma, ("Purchaser"), at the principal office of the Company in Holland, Michigan (or at such other place as the Company may from time to time designate) the principal sum of One Million Dollars (\$1,000,000.00) (the "Principal Amount") and accrued interest on April 30, 2018 (the "Stated Maturity Date") or any earlier date of prepayment or acceleration of the date the payment is due (as applicable, the "Maturity Date").

1. **Subscription Agreement.** This 2% Subordinated Note due 2018 (this "Note") is the Note referred to in the Subscription Agreement, dated April 21, 2011, by and between the Company and Purchaser (the "Subscription Agreement").

2. **Prepayment.** This Note may not be prepaid by the Company at any time prior to September 30, 2011. This Note may be prepaid, in whole or in part, without premium or penalty, at any time on and after September 30, 2011, on the following terms and conditions: (a) the Company shall give the holder at least three business days' prior written notice of its intent to make each prepayment; and (b) each prepayment shall be made in immediately available funds and shall be made by paying the principal amount to be prepaid, together with all unpaid interest accrued thereon to the date of prepayment. Notwithstanding the foregoing, the Company may not make any prepayment of this Note unless the Company has received prior written approval of the Board of Governors of the Federal Reserve System or its designee, or any successor thereto (the "FRB"), if required.

3. **Exchange Right; Conversion Right.**

(a) Exchange Right in Connection with Public Offering of Common Stock. If and when the Company conducts a public offering of its common stock for cash, generally as described in the Company's Preliminary Prospectus included in the Form S-1 Registration Statement amendment filed with the United States Securities and Exchange Commission on March 31, 2011, as such prospectus may be amended and updated from time to time (the "Public

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Offering"), prior to April 30, 2012, the holder will have the right to participate in the Public Offering and to purchase shares of the Company's common stock offered in the Public Offering and to pay the cash price of those shares as offered in the Public Offering by delivery of this Note to the Company in exchange for that whole number of shares of the Company's common stock (rounded to the nearest whole number) equal to:  $(A+B)/C$  where:

A	=	the principal amount of this Note
B	=	the amount of interest due on this Note accrued through the date of participation in the public offering
C	=	the cash price per share of the Company's common stock as offered in the public offering

This exchange right may be exercised only in full and not in part. In order to participate in the Public Offering, the holder must notify the Company in writing of its desire to purchase Company common stock in the Public Offering and deliver this Note to the Company in exchange for shares of Company common stock (as calculated above) issued in the Public Offering.

(b) Optional Conversion Right. The holder shall have the option to convert this Note into the whole number of shares of the Company's common stock (rounded to the nearest whole number) equal to:  $(A+B)/C$  where:

A	=	the principal amount of this Note
B	=	the amount of interest on this Note accrued through the date of conversion
C	=	the Company's Book Value Per Share as of the end of the Company's then most recently completed fiscal quarter

"Book Value Per Share" means the Company's total shareholder's equity divided by the number of shares of Common Stock used to compute the Company's diluted earnings (loss) per common share, both as reported in the Company's Form 10-K Annual Report or Form 10-Q Quarterly Report for the period ending on the date as of which Book Value Per Share is computed (the "Determination Date"). If the number of shares of the Company's common stock outstanding has changed between the Determination Date and the conversion date due to a stock split, stock dividend, or other transaction, Book Value Per Share shall be equitably and ratably adjusted as determined by the Audit Committee of the Company's Board of Directors.

This optional conversion right may be exercised only in full and not in part. In order to exercise the optional conversion right, the holder must notify the Company in writing of its election to convert this Note into the Company common stock and deliver this Note to the Company.

4. **Interest.** Accrued interest will not be paid quarterly or in other periodic intervals and will be paid in full at the Stated Maturity Date or such earlier date as the Principal Amount of this Note shall be paid in full as a result of prepayment or acceleration of maturity upon the occurrence of an event of default as provided in this Note. Interest will accrue on the unpaid balance of the Principal Amount of this Note from the Issue Date stated above through and including the Stated Maturity Date or such earlier date as the Principal Amount is paid in full. Interest on the unpaid balance shall be computed on the basis of a 360-day year of 12 30-day months at the rate of 2% per annum from the Issue Date, compounded quarterly in arrears on March 31, June 30, September 30 and December 31 in each year commencing June 30, 2011.

5. **Events of Default.** Any of the following events shall represent an event of default under this Note (each, an "Event of Default"):

(i) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoints a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Company or for any substantial part of its property, or orders the winding-up or liquidation of its affairs and such decree, appointment or order shall remain unstayed and in effect for a period of 60 days; or

(ii) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(iii) a court or administrative or governmental agency or body shall enter a decree or order for the appointment of a receiver of the Company's wholly-owned subsidiary bank, Macatawa Bank (the "Bank"), or all or substantially all of its property in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property; provided that at such time the Bank is a major subsidiary depository institution of the Company as contemplated by Appendix A of 12 CFR part 225; or

(iv) the Bank shall consent to the appointment of a receiver for it or all or substantially all of its property in any liquidation, insolvency or similar proceeding with respect to it or all or substantially all of its property; provided that at such time the Bank is a major subsidiary depository institution of the Company as contemplated by Appendix A of 12 CFR part 225.

Upon the occurrence of an Event of Default described in subsections (i), (ii), (iii) or (iv) of this Section, the principal of and interest accrued on this Note will immediately become due and



payable, without presentment, demand, protest or notice of any kind.

There is no right of acceleration of the payment of principal of this Note upon a "default" in the payment of interest or principal on this Note or in the performance of any of the Company's covenants or agreements contained in this Note, the Subscription Agreement or any of the Company's other obligations or liabilities. However, upon a default in the payment of principal of or interest on this Note, the holder of this Note will have a right to institute suit directly against the Company for the collection of such overdue payment.

6. **Company Obligation.** This Note is a debt of the Company only, and is not an obligation of the Bank.

7. **Unsecured and Subordinate.** The indebtedness of the Company evidenced by this Note, including the principal and interest, is not secured by any assets or commitments of the Company, and shall be subordinated to all senior debt of the Company of any kind, whenever incurred, and as outstanding at any time (which senior debt shall expressly exclude all indebtedness incurred in connection with, or relating to, any trust preferred securities caused to be issued by, or reflected in the consolidated financial statements of, the Company, but shall expressly include all indebtedness of the Company for borrowed money). Unless and until the Company receives a written notification from the FRB that this Note no longer constitutes Tier 2 Capital of the Company (other than due to the limitation imposed by the second sentence of 12 CFR Section 250.166(e), which limits the capital treatment of subordinated debt during the five years immediately preceding the maturity date of the subordinated debt) ("FRB Notice"), then the indebtedness evidenced by this Note shall be subordinated and junior in right of payment to the Company's obligations to the general creditors of the Company. Therefore, unless and until the Company receives an FRB Notice, upon dissolution or liquidation of the Company, no payment of principal or interest shall be due and payable until all general creditors of the Company have been paid in full. Purchaser and each other holder of this Note, by the acceptance hereof, agree to be bound by the foregoing provision.

8. **Ranking as to Junior Subordinated Indebtedness.** This Note will rank senior to all indebtedness already incurred, or hereafter incurred, in connection with, or relating to, any trust preferred securities caused to be issued by, or reflected in the consolidated financial statements of, the Company.

9. **11% Subordinated Notes due 2017.** This Note will have equal priority and be pari passu with the 11% Subordinated Notes due 2017 issued by the Company.

10. **Successors to the Company.** The Company may consolidate with or merge into any other entity or convey, transfer or lease its properties and assets substantially as an entirety to any entity, provided that the entity formed by such consolidation or into which the Company is merged or the entity which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust, shall be organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, in form satisfactory to the Company, the due and punctual payment of the principal of and interest on this Note and the

performance or observance of every covenant of this Note on the part of the Company to be performed or observed. The holder of this Note will have no right of acceleration in the event of a consolidation, merger, sale of all or substantially all of the assets, recapitalization or change in stock ownership of the Company.

11. **Amendments.** This Note may be amended with the written consent of the Company and the holder of this Note, and upon receipt of such consent, this Note shall be deemed amended thereby.

12. **Register and Transfer.** The Company or its duly appointed agent shall maintain a register for this Note in which it shall register the issuance and transfer of this Note (the "Note Register"). The holder of this Note may assign or transfer some or all of its rights hereunder, subject to compliance with applicable state and federal securities laws, without the consent of the Company. All transfers of this Note shall be recorded on the Note Register maintained by the Company or its agent, and the Company shall be entitled to regard the registered holder of such Note as the actual owner of the Note so registered until the Company or its agent is required to record a transfer of such Note on the Note Register. The Company or its agent shall be required to record any such transfer when it receives the Note to be transferred duly and properly endorsed by the registered holder thereof or by its attorney duly authorized in writing. Upon surrender for registration of transfer of the Note, the Company or its duly appointed agent shall execute and deliver, in the name of the designated transferee or transferees, one or more new Notes in minimum denominations of \$25,000 and integral multiples of \$25,000. If this Note is prepaid in part, the holder of the Note must physically surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the holder of the Note a new Note of like tenor, registered as such holder may request, representing in the aggregate the remaining principal represented by this Note. The holder of this Note and any assignee, by acceptance of this Note, acknowledge and agree that following any prepayment of any portion of this Note, the principal of this Note may be less than the principal amount stated on the face hereof.

13. **Miscellaneous.** The Company shall pay all taxes (other than transfer taxes) and all other expenses and charges payable in connection with the preparation, execution and delivery of this Note.

This Note shall be governed by and construed in accordance with the internal laws of the State of Michigan, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Michigan. Any action or proceeding with respect to this Note shall be brought exclusively in any state or federal court in the City of Grand Rapids, State of Michigan. The parties waive any right to a jury trial.

The Company expressly waives any presentment, demand, protest, notice of default, notice of intention to accelerate, notice of acceleration or notice of any other kind.

The headings in this Note are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this note.

This Note is executed as of the Issue Date written above.

MACATAWA BANK CORPORATION

By \_\_\_\_\_  
Ronald L. Haan  
Chief Executive Officer and President

**THIS SUBORDINATED NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES ACT OF ANY STATE. EXCEPT AS OTHERWISE PROVIDED IN THE SUBSCRIPTION AGREEMENT REFERENCED IN THIS SUBORDINATED NOTE, THIS SUBORDINATED NOTE MAY NOT BE OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THIS SUBORDINATED NOTE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH STATE OR OTHER LAWS AS MAY BE APPLICABLE, OR RECEIPT BY MACATAWA BANK CORPORATION OF AN OPINION OF COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED**

**Exhibit 10.2**

April 21, 2011

Macatawa Bank Corporation  
Attn: Chief Financial Officer  
10753 Macatawa Drive  
Holland, Michigan 49424

RE: 2% Subordinated Note Due 2018  
Subscription Agreement

1. **Subscription.** Macatawa Bank Corporation, a Michigan corporation (the "Company"), has offered to a limited number of accredited investors the opportunity to purchase 2% Subordinated Notes Due 2018 ("Notes"), in substantially the form attached. The Company may in its discretion issue additional Notes. The undersigned ("Subscriber") hereby irrevocably subscribes to purchase the dollar amount of Notes as set forth on the signature page of this Subscription Agreement (this "Subscription Agreement").

2. **Closing.** The Company may conduct one or more closings of the purchase and sale of the Notes (each one a "Closing"). Each closing shall occur at the offices of the Company at the address above on such dates or at such other place as may be determined by the Company (each one a "Closing Date"). In connection with each Closing, the Company will deliver to the Subscriber the Notes, each registered in the undersigned Subscriber's name (or in the name of such Subscriber's nominees as may be specified by such Subscriber), against payment by the Subscriber of the purchase price of the Notes. The Closing is contingent on the Company receiving prior approval of the Federal Reserve Bank of Chicago to incur the debt to be evidenced by the Notes.

3. **Acceptance.** This Agreement is made subject to the Company's discretionary right to accept or reject the subscription. Following action by the Company, the Subscriber will be notified as to whether the subscription has been accepted or rejected. If the Company shall for any reason reject all or part of this subscription, any amount already paid by the Subscriber with respect to the rejected subscription, or part thereof, will be promptly refunded, without interest. Acceptance of this subscription by the Company will be evidenced by the execution of this agreement by an officer of the Company.

4. **Representations, Warranties and Agreements of the Subscriber.** Subscriber represents, warrants and agrees that:

A. **Advisors.** Subscriber acknowledges that Subscriber has been advised to consult with Subscriber's own attorney regarding legal matters concerning the Company and the Notes and to consult with Subscriber's tax advisor regarding the tax consequences of acquiring the Notes.

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B. Access to SEC Filings. Subscriber acknowledges that Subscriber has had full access to the Company's public filings made pursuant to the Securities Exchange Act of 1934, as amended. Subscriber acknowledges receipt of a Preliminary Prospectus dated February 2, 2011, (the "Prospectus") relating to proposed offering of the Company's Common Stock and has appropriately considered the risk factors and other information disclosed in the Prospectus.

C. Investment Experience. The Subscriber is a sophisticated, accredited and experienced investor with investments in restricted securities and is willing and able to bear the economic risk of an investment in the Notes in an amount equal to the amount the Subscriber has subscribed to purchase. The Subscriber has the knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Notes. The Subscriber has adequate means of providing for current needs and personal contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of an investment in the Company of the size contemplated. Subscriber considered whether the Subscriber could afford to hold the Notes for an indefinite period and whether the Subscriber could afford a complete loss of an investment in the Notes.

D. Notes Not Registered. Subscriber understands that the Notes have not been registered under the Securities Act of 1933, as amended (the "Act") or any other Securities laws and are being offered and sold to Subscribers in reliance upon specific exemptions from the registration requirements of Federal and State securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Subscriber set forth in this Agreement in order to determine the applicability of such exemptions and the suitability of Subscribers to acquire the Notes.

E. Accredited Investor Status. The Subscriber certifies that he, she or it is an "Accredited Investor," as that term is defined under Rule 501(a) of the Act. The Subscriber is aware that the sale of the Securities is being made in reliance on Rule 506 of Regulation D promulgated under the Act, an exemption for non-public offerings under Section 4(2) of the Act.

F. Investment Purpose. The Subscriber's purchase of the Notes will be solely for the Subscriber's own account and not for the account of any other person. The Notes are being acquired by the Subscriber for investment and not with a view to distributing such Notes to others or otherwise reselling the Notes or any portion thereof. The Subscriber understands that the substance of the above representations is that the Subscriber does not presently intend to sell or otherwise dispose of all or any part of the Notes.

G. Investment Risks. The Subscriber understands that the purchase of the Notes is subject to risks as stated in the Risk Factors section of the Prospectus and the Company's filings with the Securities and Exchange Commission ("SEC") or as otherwise may be applicable to similar investments. The Subscriber acknowledges that he, she or it has had an opportunity to review, and upon review, fully understands those Risk Factors.

H. Due Diligence. The Subscriber has relied solely upon this Subscription Agreement, the Notes, in substantially the form attached, and the independent investigations made by the Subscriber with respect to the Notes subscribed for herein, and no oral or written representations or other information about the Company available to Subscriber beyond the Company's SEC filings have been relied upon by the Subscriber.

I. Representations Updated. The Subscriber will notify the Company and any such agent immediately if any material change occurs in any of this information before the sale of the Notes.

J. Binding Obligation. This Agreement when fully executed and accepted by the Company will constitute a valid and legally binding obligation of the Subscriber, enforceable in accordance with its terms except (i) as its obligations may be affected by bankruptcy, insolvency, reorganization, moratorium or similar laws, or by equitable principles relating to or limiting creditors' rights generally and (ii) that the remedies of specific performance, injunction and other forms of equitable relief are subject to certain tests of equity jurisdiction, equitable defenses and the discretion of the court before which any proceeding therefore may be brought.

K. Entity Purchases. The Subscriber, if it is a partnership, joint venture, corporation, trust or other entity, was not formed or organized for the specific purpose of acquiring the Notes. The purchase of the Notes by the Subscriber, if it is an entity, is a permissible investment in accordance with the Subscriber's Articles of Incorporation, bylaws, partnership agreement, articles of organization, declaration of trust or other similar charter document, and has been duly approved by all requisite action by the entity's owners, directors, officers or other authorized managers. The person signing this document and all documents necessary to consummate the purchase of the Notes has all requisite authority to sign such documents on behalf of the Subscriber, if it is an entity.

L. Subordination. Subscriber acknowledges that the Notes are subordinate to all secured obligations and senior obligations of the Company. Subscriber acknowledges that, so long as the indebtedness evidenced by the Notes is deemed to be Tier 2 Capital (or the equivalent) of the Company under the applicable rules and regulations promulgated by the Board of Governors of the

Federal Reserve System (or successor thereto), the indebtedness evidenced by the Notes shall also be subordinated and junior in right of payment to the Company's obligations to the general creditors of the Company. The Subscriber acknowledges that the Company may in the future issue additional senior debt, subordinated debt, preferred stock, and/or common stock.

M. Events of Default; Limited Rights of Acceleration. Regulations containing the requirements for Tier 2 Capital treatment substantially limit the "events of default" that result in an acceleration of the amounts due under the Notes. The Subscriber acknowledges that the only "events of default" that will result in an acceleration of the amounts due under the Notes are certain events related to the Company's bankruptcy or insolvency (whether voluntary or involuntary) or the appointment of a receiver for the Company's wholly-owned subsidiary bank, Macatawa Bank. The Subscriber further acknowledges that there is no right of acceleration of the payment of principal of the Notes upon a "default" in the payment of interest or principal on the Notes or in the performance of any of the Company's covenants or agreements contained in the Notes, in the Subscription Agreement or any of the Company's other obligations or liabilities.

N. Residence; Principal Place of Business. Subscriber is a legal resident, or if an entity, has its principal place of business, in the state appearing in the address below.

5. **Representations and Warranties of the Company.** The Company represents and warrants as follows:

A. The Organization. The Company is a corporation duly organized and validly existing and in good standing under the laws of the State of Michigan and has all the requisite power and authority to conduct its business and own and operate its properties, and to enter into and execute this Agreement and to carry out the transactions contemplated hereby.

B. Authority. The Company has the power to execute, deliver, pay and perform the terms and provisions of this Agreement and the Notes and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and to authorize the issuance and sale of the Notes contemplated by this Agreement, and the representatives of the Company executing this Agreement are duly authorized to do so.

C. Binding Obligation. Assuming the due execution and delivery of this Agreement by the Subscriber, this Agreement is, and the Notes will be, legal, valid and binding obligations of the Company enforceable in accordance with its terms except (i) as its obligations may be affected by bankruptcy, insolvency,



reorganization, moratorium or similar laws, or by equitable principles relating to or limiting creditors' rights generally and (ii) that the remedies of specific performance, injunction and other forms of equitable relief are subject to certain tests of equity jurisdiction, equitable defenses and the discretion of the court before which any proceeding therefore may be brought.

D. No Conflicts. The execution, delivery, payment and performance of this Agreement and the Notes and the fulfillment of or compliance with the terms and provisions hereof, including the issuance and sale of the Notes contemplated by this Agreement, are not in contravention of or in conflict with any contract to which the Company is a party or by which the Company or any of its properties may be bound or affected.

6. Survival of Representations. The representations, warranties, acknowledgements and agreements made herein shall survive issuance of the Notes.

7. Transfer Restrictions and Resale. The Notes have not been registered with the SEC. The Notes may be sold or transferred only in compliance with the applicable securities laws and regulations, including the Act. Stop transfer instructions relating to the Notes will be placed in the Company's transfer ledger, and that the Notes will bear legends in substantially the following form:

"THIS SUBORDINATED NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES ACT OF ANY STATE. EXCEPT AS OTHERWISE PROVIDED IN THE SUBSCRIPTION AGREEMENT REFERENCED IN THIS SUBORDINATED NOTE, THIS SUBORDINATED NOTE MAY NOT BE OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THIS SUBORDINATED NOTE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH STATE OR OTHER LAWS AS MAY BE APPLICABLE, OR RECEIPT BY MACATAWA BANK CORPORATION OF AN OPINION OF COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

THIS OBLIGATION IS NOT A DEPOSIT AND IS NOT INSURED BY THE UNITED STATES OR ANY AGENCY OR FUND OF THE UNITED STATES, INCLUDING THE FEDERAL DEPOSIT INSURANCE CORPORATION. THIS OBLIGATION IS SUBORDINATED TO THE CLAIMS OF THE GENERAL CREDITORS OF MACATAWA BANK CORPORATION AND IS NOT SECURED."

8. Entire Agreement. This Agreement together with the other documents executed contemporaneously herewith, constitute the entire agreement between the parties with respect to the matters covered thereby, and may only be amended by a writing executed by all parties

hereto. No waiver or modification of any of the terms of this Agreement shall be valid unless in writing. No waiver of a breach of, or default under, any provision hereof shall be deemed a waiver of such provision or of any subsequent breach or default of the same or similar nature or of any provision or condition of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9. **Governing Law.** This Subscription Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Michigan, excluding those provisions related to the conflict of laws of different jurisdictions if the effect of the application of those provisions will be to require the application of the laws of a jurisdiction other than Michigan. Each party consents to the jurisdiction of the state or federal courts in Kent County, Michigan, which will be the sole venue for resolution of all disputes related to this Agreement.

\* \* \*

[The balance of this page is blank. Signature page follows.]

Subscription Agreement  
Signature Page

The Subscriber has executed this Agreement.

Principal amount of Notes subscribed:

One Million Dollars  
\$1,000,000.00

SUBSCRIBER:

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Richard L. Postma

Address:  
201 Ionia, S.W.  
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ACCEPTED BY:

MACATAWA BANK CORPORATION

By

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Ronald L. Haan  
Chief Executive Officer and President