

EGGEMEYER JOHN M III
Form SC 13D
February 02, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No.)***

INTERMOUNTAIN COMMUNITY BANCORP

(Name of Issuer)

Common Stock (no par value)

(Title of Class of Securities)

45881M100

(CUSIP Number)

John M. Eggemeyer

6051 El Tordo

Rancho Santa Fe, CA 92067-1329

858-756-8300

Copy to:

William J. Ruh

c/o Castle Creek Capital

6051 El Tordo

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Rancho Santa Fe, CA 92067-1329

858-756-8300

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

January 23, 2012

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 45881M100

- | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------|
| 1. | Names of Reporting Persons.
Castle Creek Capital Partners IV, LP |
| 2. | Check the Appropriate Box if a Member of a Group (See Instructions)
(a) <input type="radio"/>
(b) <input type="radio"/> |
| 3. | SEC Use Only |
| 4. | Source of Funds (See Instructions)
WC |
| 5. | Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="radio"/> |
| 6. | Citizenship or Place of Organization
Delaware |
| 7. | Sole Voting Power
2,055,260(1)(2) |
| 8. | Shared Voting Power
0 |
| 9. | Sole Dispositive Power
2,055,260(1)(2) |
| 10. | Shared Dispositive Power
0 |
| 11. | Aggregate Amount Beneficially Owned by Each Reporting Person
2,055,260(1)(2) |
| 12. | Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="radio"/> |
| 13. | Percent of Class Represented by Amount in Row (11)
9.9%(3) |
| 14. | Type of Reporting Person (See Instructions)
PN (Limited Partnership) |

(1) The information set forth in Items 4, 5 and 6 of this statement on Schedule 13D is incorporated herein by reference.

(2) Castle Creek Capital Partners IV, LP also owns (i) 318,894.8 shares of newly created Mandatorily Convertible Participating Preferred Stock, Series B (the "Series B Preferred Stock") of Intermountain which will automatically convert into shares of a new series of non-voting common stock (the "Non-Voting Common Stock") at a conversion price of \$1.00 per share upon approval by Intermountain's shareholders of an amendment to Intermountain's Amended and Restated Articles of Incorporation to authorize such Non-Voting Common Stock which, in turn, is convertible into 15,944,741 shares of common stock, no par value ("Common Stock") in connection with certain transfers of such shares of Non-Voting Common Stock, and (ii) a warrant exercisable for 850,000 shares of Non-Voting Common Stock at the exercise price of \$1.00 per share (or, in the event the warrant is exercised prior to the required shareholder approval, for Series B Preferred Stock at an economically equivalent exercise price) which is convertible into 850,000 shares of Common Stock in connection with certain transfers of such shares of Non-Voting Common Stock. Since Castle Creek Capital Partners IV, LP does not have the right to acquire such Common Stock and will have no voting or investment power over such Common Stock, those underlying shares of Common Stock are not included in the amount reported herein.

(3) This calculation is based on 20,760,192 shares of common stock of Intermountain Community Bancorp outstanding as of the closing of business on January 23, 2012, which includes the 8,409,840 shares of common stock outstanding as of September 30, 2011 as reported in its

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Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and the 12,350,352 shares of common stock of Intermountain Community Bancorp that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on January 26, 2012.

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CUSIP No. 45881M100

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|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------------------|----|--------------------------|----|----------------------------------------|-----|-------------------------------|
| 1. | Names of Reporting Persons.
Castle Creek Capital IV LLC | | | | | | | | |
| 2. | Check the Appropriate Box if a Member of a Group (See Instructions)
(a) <input type="radio"/>
(b) <input type="radio"/> | | | | | | | | |
| 3. | SEC Use Only | | | | | | | | |
| 4. | Source of Funds (See Instructions)
WC/AF | | | | | | | | |
| 5. | Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="radio"/> | | | | | | | | |
| 6. | Citizenship or Place of Organization
Delaware | | | | | | | | |
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | <table border="0"> <tr> <td style="vertical-align: top;">7.</td> <td style="vertical-align: top;">Sole Voting Power
2,055,260(1)</td> </tr> <tr> <td style="vertical-align: top;">8.</td> <td style="vertical-align: top;">Shared Voting Power
0</td> </tr> <tr> <td style="vertical-align: top;">9.</td> <td style="vertical-align: top;">Sole Dispositive Power
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0</td> </tr> </table> | 7. | Sole Voting Power
2,055,260(1) | 8. | Shared Voting Power
0 | 9. | Sole Dispositive Power
2,055,260(1) | 10. | Shared Dispositive Power
0 |
| 7. | Sole Voting Power
2,055,260(1) | | | | | | | | |
| 8. | Shared Voting Power
0 | | | | | | | | |
| 9. | Sole Dispositive Power
2,055,260(1) | | | | | | | | |
| 10. | Shared Dispositive Power
0 | | | | | | | | |
| 11. | Aggregate Amount Beneficially Owned by Each Reporting Person
2,055,260(1) | | | | | | | | |
| 12. | Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="radio"/> | | | | | | | | |
| 13. | Percent of Class Represented by Amount in Row (11)
9.9%(2) | | | | | | | | |
| 14. | Type of Reporting Person (See Instructions)
OO (Limited Liability Company) | | | | | | | | |

(1) The information set forth in Items 4, 5 and 6 of this statement on Schedule 13D is incorporated herein by reference.

(2) This calculation is based on 20,760,192 shares of common stock of Intermountain Community Bancorp outstanding as of the closing of business on January 23, 2012, which includes the 8,409,840 shares of common stock outstanding as of September 30, 2011 as reported in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and the 12,350,352 shares of common stock of Intermountain Community Bancorp that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on January 26, 2012.

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CUSIP No. 45881M100

1. Names of Reporting Persons.
John M. Eggemeyer
2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)
3. SEC Use Only
4. Source of Funds (See Instructions)
PF/AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization
United States of America
- | | | |
|-------------------------------------------------------------------------------------|-----|------------------------------------------|
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 7. | Sole Voting Power
0 |
| | 8. | Shared Voting Power
2,055,260(1) |
| | 9. | Sole Dispositive Power
0 |
| | 10. | Shared Dispositive Power
2,055,260(1) |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
2,055,260(1)
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)
9.9%(2)
14. Type of Reporting Person (See Instructions)
IN (Individual)

(1) The information set forth in Items 4, 5 and 6 of this statement on Schedule 13D is incorporated herein by reference.

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CUSIP No. 45881M100

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|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------|----|-------------------------------------|----|-----------------------------|-----|------------------------------------------|
| 1. | Names of Reporting Persons.
William J. Ruh | | | | | | | | |
| 2. | Check the Appropriate Box if a Member of a Group (See Instructions)
(a) <input type="radio"/>
(b) <input type="radio"/> | | | | | | | | |
| 3. | SEC Use Only | | | | | | | | |
| 4. | Source of Funds (See Instructions)
PF | | | | | | | | |
| 5. | Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="radio"/> | | | | | | | | |
| 6. | Citizenship or Place of Organization
United States of America | | | | | | | | |
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | <table border="0"> <tr> <td style="vertical-align: top;">7.</td> <td style="vertical-align: top;">Sole Voting Power
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2,055,260(1) | 9. | Sole Dispositive Power
0 | 10. | Shared Dispositive Power
2,055,260(1) |
| 7. | Sole Voting Power
0 | | | | | | | | |
| 8. | Shared Voting Power
2,055,260(1) | | | | | | | | |
| 9. | Sole Dispositive Power
0 | | | | | | | | |
| 10. | Shared Dispositive Power
2,055,260(1) | | | | | | | | |
| 11. | Aggregate Amount Beneficially Owned by Each Reporting Person
2,055,260(1) | | | | | | | | |
| 12. | Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="radio"/> | | | | | | | | |
| 13. | Percent of Class Represented by Amount in Row (11)
9.9%(2) | | | | | | | | |
| 14. | Type of Reporting Person (See Instructions)
IN (Individual) | | | | | | | | |

(1) The information set forth in Items 4, 5 and 6 of this statement on Schedule 13D is incorporated herein by reference.

(2) This calculation is based on 20,760,192 shares of common stock of Intermountain Community Bancorp outstanding as of the closing of business on January 23, 2012, which includes the 8,409,840 shares of common stock outstanding as of September 30, 2011 as reported in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and the 12,350,352 shares of common stock of Intermountain Community Bancorp that were issued in its capital raise as reported in its Current Report on Form 8-K that was filed on January 26, 2012.

Item 1. Security and Issuer

This statement on Schedule 13D (this Schedule 13D) relates to the shares of common stock, no par value (the Common Stock), of Intermountain Community Bancorp, an Idaho corporation (Intermountain). The principal executive office of Intermountain is located at 414 Church Street, Sandpoint, Idaho 83864.

Item 2. Identity and Background

The Schedule 13D is being jointly filed by the parties identified below. All of the filers of this Schedule 13D are collectively referred to as the Reporting Persons . The joint filing agreement of the Reporting Persons is filed as Exhibit 1 hereto.

(a)-(c) The following are the Reporting Persons: Castle Creek Capital Partners IV, LP, a Delaware limited partnership (Fund IV) and a private equity fund focused on investing in community banks throughout the United States; Castle Creek Capital IV LLC, a Delaware limited liability company (CCC IV), whose principal business is to serve as the sole general partner of, and manage, Fund IV; John M. Eggemeyer, a California resident, a managing principal of Castle Creek Capital LLC (a merchant banking firm specializing in the financial services industry), and a managing principal of CCC IV (Eggemeyer); and William J. Ruh, a California resident, a managing principal of Castle Creek Capital LLC and a managing principal of CCC IV (Ruh). The business address for each of the Reporting Persons is 6051 El Tordo, Rancho Santa Fe, CA 92067.

(d) During the last five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors).

(e) During the last five years, none of the Reporting Persons has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or mandating activities subject to, federal or state securities laws of finding any violation with respect to such laws.

(f) Each of Eggemeyer and Ruh is a citizen of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration

As more fully described in Items 4 and 6 below, on April 6, 2011 Intermountain and Fund IV entered into a Securities Purchase Agreement (the Original Purchase Agreement). Intermountain and Fund IV amended the Original Purchase Agreement on January 20, 2012 (the Amended Purchase Agreement). Pursuant to the Amended Purchase Agreement, Fund IV purchased 2,055,260 shares of Common Stock, 318,894.8 shares of a newly created Mandatorily Convertible Participating Preferred Stock, Series B (the Series B Preferred Stock) of Intermountain which will automatically convert into shares of a new series of non-voting common stock (the Non-Voting Common Stock) at a conversion price of \$1.00

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per share upon approval by Intermountain's shareholders of an amendment (the Articles Amendment) to Intermountain's Amended and Restated Articles of Incorporation (the Articles) to authorize such Non-Voting Common Stock (the Shareholder Approval), and a warrant exercisable for 850,000 shares of Non-Voting Common Stock (the Warrants), and together with the Common Stock, the Series B Preferred Stock and the Non-Voting Common Stock, the Securities) at the exercise price of \$1.00 per share (or, in the event the Warrant is exercised prior to Shareholder Approval, for Series B Preferred Stock at an economically equivalent exercise price). The funds used by Fund IV were obtained

from working capital.

Item 4. Purpose of Transaction

The information set forth in Items 3 and 6 is incorporated herein by reference.

Fund IV acquired the Common Stock of Intermountain for investment purposes. The investment was not motivated by an intent to exercise control, directly or indirectly, over the management, policies or business operations of Intermountain.

Subject to the limitations imposed by the Amended Purchase Agreement and applicable federal and state securities laws, the Reporting Persons may seek to dispose of the Common Stock (including, without limitation, distributing some or all of the Common Stock to the Reporting Persons' respective members, partners, stockholders or beneficiaries, as applicable) from time to time, subject to market conditions and other investment considerations. To the extent permitted by the Amended Purchase Agreement and applicable bank regulatory limitations, each Reporting Person may directly or indirectly acquire additional shares of Common Stock or associated rights or securities exercisable for or convertible into Common Stock, depending upon an ongoing evaluation of its investment in Common Stock and securities exercisable for or convertible into Common Stock, applicable legal restrictions, prevailing market conditions, liquidity requirements of such Reporting Person and/or other investment considerations.

To the extent permitted under the Amended Purchase Agreement and passivity commitments described below, the Reporting Persons may engage in discussions with management, the board of directors, other stockholders of Intermountain and other relevant parties concerning the business, operations, board composition, management, strategy and future plans of Intermountain.

Pursuant to the terms of the Amended Purchase Agreement and subject to any applicable approval of the appropriate bank regulatory authorities, Fund IV is entitled to designate one person (the Board Representative) for election to the board of directors of Intermountain as well as the board of directors of Panhandle State Bank (the Bank) for so long as Fund IV is and its affiliates beneficially own at least 5% of Intermountain's outstanding shares of Common Stock and Non-Voting Common Stock taken together as a class (Qualifying Interest). Pursuant to these provisions, Mr. John Pietrzak has been appointed to the board of directors of the Bank.

The foregoing reference to and description of the Amended Purchase Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the full text of the Form of Amended and Restated Securities Purchase Agreement, which is attached hereto as Exhibit 2 and incorporated herein by reference.

Other than as described in this Item 4, each of the Reporting Persons has no present plans or proposals that relate to or would result in any of the events set forth in Items 4(a) through (j) of Schedule 13D.

Item 5. Interests in Securities of the Issuer

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The information contained on the cover pages to this Schedule 13D and the information set forth or incorporated in Items 2, 3, 4 and 6 is incorporated herein by reference.

(a) and (b)

Reporting Person	Amount Beneficially Owned	Percent of Class	Sole Power to Vote or Direct the Vote	Shared Power to Vote or Direct the Vote	Sole Power to Dispose or to Direct the Disposition	Shared Power to Dispose or Direct the Disposition
Castle Creek Capital Partners IV, LP (1)	2,055,260	9.9%	2,055,260	0	2,055,260	0
Castle Creek Capital IV LLC (2)	2,055,260	9.9%	2,055,260	0	2,055,260	0
John M. Eggemeyer (3)	2,055,260	9.9%	0	2,055,260	0	2,055,260
William J. Ruh (4)	2,055,260	9.9%	0	2,055,260	0	2,055,260

(1) Fund IV also owns (i) 318,894.8 shares of Series B Preferred Stock which will automatically convert into shares Non-Voting Common Stock at a conversion price of \$1.00 per share upon approval by Intermountain's shareholders of the Articles Amendment to authorize such Non-Voting Common Stock which, in turn, is convertible into 15,944,741 shares of Common Stock in connection with certain transfers of such shares of Non-Voting Common Stock, and (ii) a warrant exercisable for 850,000 shares of Non-Voting Common Stock at the exercise price of \$1.00 per share (or, in the event the warrant is exercised prior to Shareholder Approval, for Series B Preferred Stock at an economically equivalent exercise price) which is convertible into 850,000 shares of Common Stock in connection with certain transfers of such shares of Non-Voting Common Stock. Since Fund IV does not have the right to acquire such Common Stock and will have no voting or investment power over such Common Stock, those underlying shares of Common Stock are not included in the amount reported herein.

(2) CCC IV disclaims beneficial ownership of the Common Stock owned by Fund IV, except to the extent of its pecuniary interest therein.

(3) Mr. Eggemeyer shares voting and dispositive power over the 2,055,260 shares beneficially owned by Fund IV with Mr. Ruh, due to the fact that each is a managing principal of CCC IV, the sole general partner of Fund IV. Mr. Eggemeyer disclaims beneficial ownership of the Common Stock beneficially owned by CCC IV and Fund IV, respectively, except to the extent of his pecuniary interests therein.

(4) Mr. Ruh shares voting and dispositive power over the 2,055,260 shares owned by Fund IV with Mr. Eggemeyer, due to the fact that each is a managing principal of CCC IV, the sole general partner of Fund IV. Mr. Ruh disclaims beneficial ownership of the Common Stock beneficially owned by CCC IV and Fund IV, respectively, except to the extent of his pecuniary interests therein.

(c) Except as set forth in this Schedule 13D, none of the Reporting Persons nor, to the best knowledge of each of the Reporting Persons, without independent verification, any person named in Item 2, has engaged in any transaction during the past 60 days involving the securities of Intermountain.

(d) Other than the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of Intermountain referred to in this Item 5.

(e) Not applicable.

Item 6. Contracts, Arrangements or Understandings with Respect to Securities of the Issuer

The information set forth or incorporated in Items 3 and 4 is incorporated herein by reference.

On April 6, 2011 Intermountain and Fund IV entered into the Original Purchase Agreement. Intermountain and Fund IV entered into the Amended Purchase Agreement on January 20, 2012, pursuant to which Fund IV agreed, subject to the terms and conditions of the Amended Purchase Agreement, to invest \$18,000,000 in Intermountain through a direct purchase of 2,055,260 shares of Common Stock, 318,894.8 shares Series B Preferred Stock which will automatically convert into Non-Voting Common Stock at a conversion price of \$1.00 per share upon

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approval by Intermountain's shareholders of the Articles Amendment to the Articles to authorize such Non-Voting Common Stock, and a Warrant exercisable for 850,000 shares of Non-Voting Common Stock at the exercise price of \$1.00 per share (or,

in the event the Warrant is exercised prior to Shareholder Approval, for Series B Preferred Stock at an economically equivalent exercise price).

The following is a description of certain terms of the Amended Purchase Agreement and the Securities:

Representations and Warranties. Customary representations and warranties were made by Intermountain to Fund IV relating to Intermountain, its business and the issuance of the Securities as well as customary representations and warranties by Fund IV to Intermountain. Intermountain agreed to indemnify Fund IV for breaches of its respective representations and warranties, subject to certain limitations.

Board Representation. Fund IV is entitled to designate the Board Representative for election to the board of directors of Intermountain as well as the board of directors of the Bank for so long as Fund IV and its affiliates beneficially own a Qualifying Interest. Pursuant to these provisions, Mr. John Pietrzak has been appointed to the board of directors of the Bank. The board of directors of Intermountain and the Bank must cause the Fund IV representative to be appointed to any two of the following committees to be agreed: the Compensation Committee, the Nominating/Corporate Governance Committee, and the Risk Management Committee, in each case so long as the Board Representative qualifies to serve on such committees under the corporate governance guidelines and committee charters currently in effect, as applicable, and rules applicable to Intermountain and the Bank by any exchange on which the Common Shares are then listed. So long as Fund IV and its affiliates beneficially own a Qualifying Interest, Fund IV is also entitled to designate one nonvoting board observer to attend all meetings of the committees of the board of directors of Intermountain and the Bank of which the Fund IV representative is not then a member.

Avoidance of Control. Neither Intermountain nor any of its subsidiaries will take any action that would reasonably be expected to pose a substantial risk that (i) Fund IV's equity interest in Intermountain (together with equity of Intermountain owned by Fund IV's affiliates (as such term is used under the BHC Act the Bank Holding Company Act the Bank Holding Company Act of 1956, as amended (the BHC Act))) would exceed 33.3% of Intermountain's total equity, or (ii) Fund IV's ownership of any class of voting securities (together with the ownership by Fund IV's affiliates (as such term is used under the BHC Act) of voting securities of Intermountain) would exceed 9.9% of such class, without the prior written consent of Fund IV, or to increase to an amount that would constitute control under the BHC Act, or otherwise cause Fund IV to control Intermountain under and for purposes of the BHC Act, the Change of Bank Control Act of 1978, as amended, or any rules or regulations promulgated thereunder.

Standstill. The Amended Purchase Agreement places certain restrictions on the ability of Fund IV and its affiliates to take certain actions without the prior written approval of Intermountain until such time as Fund IV no longer owns a Qualifying Interest or the second anniversary of the closing date. Such restrictions include the ability of Fund IV to (i) acquire (or offer, agree or propose to acquire, other than as contemplated in the Amended Purchase Agreement) beneficial ownership of any voting securities of Intermountain above 24.9%; (ii) make or participate in any solicitation of proxies to vote, or seek to advise or influence any person or entity with respect to the voting of any voting securities of Intermountain; (iii) call or seek to call a meeting of the stockholders of Intermountain or initiate any shareholder proposal for action, or seek, propose or act to influence or control the management, the board or policies of Intermountain; or (iv) enter into or agree, offer, propose or seek to enter into any acquisition, merger or other business combination relating to all or part of the assets of Intermountain or any of its subsidiaries or any of their respective businesses; and certain other restrictions.

Registration Rights. Intermountain has granted Fund IV customary registration rights with respect to the Securities acquired by Fund IV in connection with the Amended Purchase Agreement. Pursuant to such registration rights, Intermountain has agreed to prepare and file with the Securities and Exchange Commission a shelf registration statement covering the resale of the Securities (or, if permitted by securities laws, otherwise designate an existing shelf registration statement to cover the resale of the

Securities) as promptly as practicable after (and in any event no more than sixty (60) days after) January 23, 2012.

Preemptive Rights. So long as Fund IV owns 2% or more of the outstanding shares of Common Stock (including Common Stock into or for which shares of any securities owned by Fund IV are directly or indirectly convertible or exercisable), if Intermountain at any time makes any public or non-public offering or sale of any equity (including Common Stock, preferred stock and restricted stock), or any securities, options or debt that is convertible or exchangeable into equity or that include an equity component (any such security, a New Security) (other than the issuance and sale of securities (1) issued or agreed or contemplated to be issued as of January 20, 2012, (2) in connection with the Rights Offering (as defined below under Rights Offering), (3) issuances upon exercise of warrants outstanding as of January 20, 2012, (4) to employees, officers, directors or consultants of Intermountain pursuant to employee benefit plans or compensatory arrangements approved by the board of directors (including upon the exercise of employee stock options granted pursuant to any such plans or arrangements), (5) pursuant to any rights plan or (6) as full or partial consideration for a merger, acquisition, joint venture, strategic alliance, license agreement or other similar non-financing transaction), Fund IV must first be afforded the opportunity to acquire from Intermountain for the same price (net of any underwriting discounts or sales commissions) and on the same terms (except that, Fund IV may elect to receive such securities in nonvoting form, convertible into shares of voting securities) as such securities are proposed to be offered to others, up to the amount of such New Securities to be offered in the aggregate required to enable Fund IV to maintain its proportionate equivalent interest in the Common Stock immediately prior to any such issuance of New Securities. Notwithstanding the foregoing, in no event will Fund IV have the right to purchase New Securities to the extent that such purchase would result in Fund IV exceeding 24.9% of the outstanding shares of a class of voting securities.

Rights Offering. As promptly as practicable following January 23, 2012, Intermountain will commence a rights offering (the Rights Offering) providing common stockholders of record as of the close of business on January 20, 2012 with non-transferable rights (the Rights) to purchase from Intermountain shares of Common Stock at a per share price of \$1.00. Each Right shall entitle the holder thereof to purchase a specified number of shares of Common Stock, provided that (1) no such holder will thereby exceed, together with any other person with whom such holder may be aggregated under applicable law, 4.99% beneficial ownership of Intermountain's Common Shares and (2) the aggregate purchase price of all shares of Common Stock purchased in the Rights Offering will not exceed the difference between \$56,000,000 minus the sum of (x) the total purchase price to Fund IV, (y) the aggregate purchase price pursuant to the concurrent private placements, and (z) the aggregate dollar amount of gross proceeds raised in any other private placement of securities by Intermountain which is consummated prior to the commencement of the Rights Offering. In the event the Rights Offering is over-subscribed, subscriptions by holders of Rights shall be reduced proportionally based on the number of shares of Common Stock such holders elect to purchase pursuant to their over-subscription privilege.

The Series B Preferred Stock. The rights, preferences and privileges of the Series B Preferred Stock are set forth in the Articles of Amendment and Certificate of Designations filed with the Secretary of State of Idaho. Upon receipt of the Shareholder Approval, each share of the Series B Preferred Stock will automatically convert into 50 shares of Non-Voting Common Stock at a conversion price of \$1.00 per share (subject to customary anti-dilution adjustments). Each share of Series B Preferred Stock will initially bear a dividend that mirrors any dividend payable on the shares of Non-Voting Common Stock underlying such share of Series B Preferred Stock (with such dividends being deemed to equal any dividends payable on the Common Stock). In the event that Shareholder Approval is not obtained before June 30, 2012, the dividends payable with respect to each share of Series B Preferred Stock outstanding at such time shall be cumulative and will accrue whether or not declared by the Company's Board, and shall accrue at a 15% rate per annum until receipt of the Shareholder Approval.

The Warrant. The Warrant has a term of three years and is exercisable for 850,000 shares of Non-Voting Common Stock at the exercise price of \$1.00 per share (or, in the event the Warrants are exercised prior to Shareholder Approval, for Series B Preferred Stock at an economically equivalent exercise price)

that would be convertible into Common Stock in connection with certain transfers of such shares of Non-Voting Common Stock. The Warrant contains customary anti-dilution adjustments. The Form of Warrant is attached hereto as Exhibit 3 and incorporated herein by reference.

The foregoing reference to and description of the Amended Purchase Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the full text of the Form of Amended and Restated Securities Purchase Agreement, which is attached hereto as Exhibit 2 and incorporated herein by reference.

In connection with the Amended Purchase Agreement, Fund IV made certain passivity commitments to the Board of Governors of the Federal Reserve System to ensure that Fund IV and its affiliates will not, among other things, exercise or attempt to exercise a controlling influence over the management or policies of Intermountain or any of its subsidiaries. The Passivity Commitment Letter is attached hereto as Exhibit 4 and incorporated herein by reference.

Pursuant to Rule 13d-1(k) promulgated under the Exchange Act, the Reporting Persons entered into an agreement on February 2, 2012, with respect to the joint filing of this Statement and any amendment or amendments hereto (the Joint Filing Agreement). The Joint Filing Agreement is attached hereto as Exhibit 1 and incorporated herein by reference.

Except as referenced above or as described in Item 4 hereof, there are no contracts, arrangements, understandings or relationships among the persons named in Item 2 or between such persons and any other person with respect to any securities of Intermountain.

Item 7. Material to be Filed as Exhibits

- | | |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 1 | Joint Filing Agreement, dated February 2, 2012, by and among Castle Creek Capital Partners IV, LP, Castle Creek Capital IV LLC, John M. Eggemeyer III and William J. Ruh. |
| Exhibit 2 | Form of Amended and Restated Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to Intermountain's Current Report on Form 8-K, filed on January 23, 2012). |
| Exhibit 3 | Form of Warrant (incorporated by reference to Exhibit 4.2 to Intermountain's Current Report on Form 8-K, filed on January 23, 2012). |
| Exhibit 4 | Passivity Commitment Letter, from Castle Creek Capital Partners IV, LP (and certain affiliates) to the Board of Governors of the Federal Reserve System. |

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 2, 2012

CASTLE CREEK CAPITAL PARTNERS IV, LP

By: CASTLE CREEK CAPITAL IV LLC,
its general partner

By: /s/ William J. Ruh
Name: William J. Ruh
Title: Managing Principal

CASTLE CREEK CAPITAL IV LLC

By: /s/ William J. Ruh
Name: William J. Ruh
Title: Managing Principal

JOHN M. EGGEMEYER III

By: /s/ John M. Eggemeyer
Name: John M. Eggemeyer III

WILLIAM J. RUH

By: /s/ William J. Ruh
Name: William J. Ruh

ATTENTION

Intentional misstatements or omissions of fact constitute Federal Criminal Violations (See 18 U.S.C. 1001).

EXHIBIT INDEX

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