

**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: December 4, 2008
(Date of earliest event reported)

Oak Valley Bancorp
(Exact name of registrant as specified in its charter)

CA
(State or other jurisdiction
of incorporation)

001-34142
(Commission File
Number)

26-2326676
(IRS Employer
Identification Number)

125 N. Third Ave. Oakdale, CA
(Address of principal executive
offices)

95361
(Zip Code)

(209) 848-2265
(Registrant's telephone number, including area code)

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)
 - 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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Section 8 – Other Events

Item 8.01 Oak Valley Bancorp was Selected to Participate in the U. S. Treasury Capital Purchase Program

On December 4, 2008, Oak Valley Bancorp announced that it was selected to participate in the U.S. Treasury Capital Purchase Program. A copy of the press release is included as Exhibit 99.1.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated December 4, 2008

SIGNATURE

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: December 4, 2008

OAK VALLEY BANCORP

By: /s/ Richard A. McCarty
Richard A. McCarty
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and duly authorized signatory)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Oak Valley Bancorp dated December 4, 2008

PRESS RELEASE**For Immediate Release**

Date: December 4, 2008
Contact: Ron Martin/Chris Courtney/Rick McCarty
Phone: (209) 848-2265
www.ovcb.com
www.escbank.com

**OAK VALLEY BANCORP SELECTED TO PARTICIPATE
IN U.S. TREASURY CAPITAL PURCHASE PROGRAM**

OAKDALE, CA – Oak Valley Bancorp (OTCBB: OVLY), the bank holding company for Oak Valley Community Bank, announced today that they have received preliminary approval from the Treasury Department for a \$13.5 million investment under the government’s direct investment program for U.S. banks. This voluntary program is available to healthy financial institutions and will allow Oak Valley Bancorp to increase credit availability to local, creditworthy, businesses and consumers.

“Oak Valley Bancorp maintains a strong financial position and is considered well-capitalized by FDIC regulatory guidelines. We view the additional capital as an opportunity to bolster an already solid capital position,” commented Ron Martin, CEO. “Being selected to participate in this program is an indicator that the Treasury Department recognizes our stability. It will enhance our ability to capitalize on opportunities that may arise within our footprint and enable us to continue making quality, relationship-based loans in the communities we serve,” Martin concluded.

On the anticipated funding date of December 5, Oak Valley Bancorp plans to issue the Treasury approximately \$13.5 million in senior preferred shares with a 5% coupon for 5 years and 9% thereafter. Warrants to purchase 350,346 shares of common stock at a per share exercise price of \$5.78 will be attached and immediately exercisable. The warrants expire 10 years after the issuance date. The securities issued to the Treasury will be accounted for as components of regulatory Tier 1 capital. With the addition of this capital, Oak Valley Bancorp’s risk-based capital will exceed 13.5%.

Established in 1991, Oak Valley Community Bank offers a variety of loan and deposit products dedicated to serving the needs of individuals and small businesses. As of September 30, 2008, the Bank’s assets were \$490 million. The Bank currently operates through 12 conveniently located branches: Oakdale, Sonora, Turlock, Stockton, Patterson, Ripon, Escalon, two branches in Modesto, and three branches in their Eastern Sierra Division, which includes Bridgeport, Mammoth Lakes and Bishop.
