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11-17-2008

Private Bank Program Q&A

United States: Department of the Treasury

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Private Bank Program Q&A

Q. What is the deadline for applying for the private CPP program?

Applications must be filed by December 8, 2008.

Q. How do I apply?

Applicants should complete the application and follow the procedures that can be found on the applicable federal banking agency website or on the Treasury website at <http://www.treasury.gov/initiatives/eesa/application-documents.shtml>.

Q. What if an institution has a bank or thrift holding company application pending with a federal banking regulator?

Institutions that have filed a bank or thrift holding company application on or before December 8, 2008 may apply to the TARP program through their federal banking regulator on a conditional basis by the applicable deadline. In order to qualify for the TARP program, the applicant company must apply for approval to become a bank or thrift holding company through ownership of an U.S. bank or savings association that was in existence on or before December 8, 2008. Final approval of the holding company application must be granted by the applicable federal banking agency by January 15, 2009. Funding will not be provided prior to consummation of the transaction for which bank or thrift holding company status was necessary. Any bank and thrift holding company, which received funding under TARP, must maintain its status as a bank or thrift holding company for as long as Treasury holds preferred stock and/or warrants in the company. A bank or thrift holding company seeking to terminate its status as such must fully redeem all preferred stock and warrants held by Treasury prior to terminating its status.

Q. Will you require the issuance of Warrant Preferred from all QFIs participating in the Capital Purchase Program?

Treasury has discretion to exempt certain investments from the warrant requirements (Sec. 113(d) (3) of the Emergency Economic Stabilization Act of 2008). We are using this discretion conservatively because of our interest in providing a return for the taxpayer in making these investments. For this reason, we have determined not to require a warrant to purchase additional preferred stock for a limited class of qualifying institutions. If a QFI meets the following requirements, then the UST will not require the issuance of the Warrant Preferred shares: the size of the investment must be \$50 million or less and the QFI must be a certified Community Development Financial Institution (CDFI). QFIs must file an application for certification as a CDFI by December 8, 2008. If a QFI has applied for CDFI certification, and it is eligible for funding under the CPP program, it will receive conditional approval, which will

be contingent on the QFI receiving the CDFI certification. The CDFI certification must be approved by January 15, 2009.

Q. What is a CDFI and where can I get additional information about them?

A CDFI is a specialized financial institution that works in market niches that are underserved by traditional financial institutions. CDFIs provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for low-income and first-time homebuyers and not-for-profit developers, flexible underwriting and risk capital for needed community facilities, and technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas.

Q. How do I get information about becoming a CDFI?

Additional information about becoming a CDFI can be found at <http://www.cdfifund.gov/>

Q. Must I currently be a CDFI to qualify for the exemption from the Warrant Preferred?

In order to qualify for the exemption, you must have a completed application to be a CDFI at the time your application is filed with the CPP. In order to qualify for the exemption, your CDFI application must be approved at the time of the closing of the investment. The CDFI Fund has pledged that it will streamline the certification process to 30 days in order to qualify for this exemption.

Q. Does this term sheet and deadline apply to S-Corporations and mutual organizations?

No. These structures are still under consideration. The deadline for this program will not apply to programs for S-Corporations and mutuals.