

Additional FAQs for Community Development Capital Initiative (CDCI)

Q 1: My institution was not a CDFI and previously issued a warrant to United States Department of the Treasury (Treasury) when participating in the Capital Purchase Program (CPP). How will Treasury treat the outstanding warrants if my institution now participates in the CDCI?

A: If a CPP participant issued a warrant to Treasury for common shares, the warrant shall remain outstanding. If a CPP participant issued a warrant to Treasury for preferred shares or senior securities, Treasury would have exercised the warrant at closing, and the capital or principal amount, as applicable, of those financial instruments will be aggregated with the capital or principal amount of all outstanding CPP financial instruments when it is exchanged into the CDCI financial instrument.

Q 2: QFIs must be in “good standing” under any outstanding Troubled Asset Relief Program (TARP) financial instrument in order to participate in CDCI. What does that mean?

A: Each QFI must be in material compliance with all the terms, conditions and covenants of any TARP financial instrument including, but not limited to, executive compensation requirements, reporting requirements and payment of dividends or interest. In addition, (i) for cumulative instruments, issuers must pay as of the closing date in immediately available funds all accrued and unpaid dividends or interest; and (ii) for non-cumulative instruments, issuers must pay as of the closing date in immediately available funds the amount, if any, of unpaid dividends or interest for the fiscal quarter prior to the closing date plus the accrued and unpaid dividends or interest as of the closing date for the fiscal quarter in which the closing shall occur.

Q 3: I am a current participant in the CPP, am (or will become) a QFI for the CDCI, and would like to both (1) exchange my current CPP instrument(s) for the CDCI instrument(s); and (2) apply for incremental funding amounts under the CDCI. Do I need to both file an exchange application with Treasury at CDCI@do.treas.gov and a “new investment” application with the relevant Federal Banking Agency?

A: Yes.