

**Community Development Capital Initiative
Early Repurchase Option
FAQs**

1. Who is eligible to participate?

Only institutions currently in the Community Development Capital Initiative (CDCI) are eligible. Institutions with other TARP or Treasury investments are ineligible to participate. The remaining eligibility criteria are listed in the eligibility section of the notification letter found here: <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cdci/Pages/CDCI-Early-Repurchase-Option.aspx>.

2. How do I submit a proposal?

First review the notification letter ensuring your institution is eligible, then fill out the proposal form and submit with the required supporting documents to cdci@treasury.gov. Proposals and supporting materials must be submitted by 5:00PM ET, Friday, December 9, 2016.

3. Where can I find the notification letter and the proposal form?

Both documents can be found on Treasury's website here: <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cdci/Pages/CDCI-Early-Repurchase-Option.aspx>.

4. Does the institution with CDCI securities outstanding have to submit the proposal?

Yes, the proposal must come from the institution with the CDCI securities outstanding.

5. Does my proposal have to be for all of my outstanding CDCI securities?

No, but you must repurchase at least 50 percent of your outstanding CDCI securities as part of the early repurchase process.

6. How will my proposal be evaluated?

Treasury will first determine if the institution meets the eligibility criteria as set forth in the notification letter. If so, Treasury, in its sole discretion, will then determine if the institution's early repurchase offer meets or exceeds Treasury's determination of fair value. Treasury is under no obligation to accept any offer and will only accept proposals from institutions that are deemed eligible and whose early repurchase offer meets or exceeds its determination of fair value.

7. How Will Treasury determine fair value?

Treasury will use internally generated values and a third-party valuation to determine fair value for each security. These values will be determined based on a “hold value” and will not take into account liquidity discounts or adjustments based on factors other than those driving the intrinsic fair value of the security.

8. What supporting documents should I submit with the completed proposal form?

The list of required supporting documents can be found in the procedures and timing section of the notification letter found here:

<https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cdci/Pages/CDCI-Early-Repurchase-Option.aspx>.

9. How long will Treasury take to respond to my proposal?

Treasury will seek to respond to each proposal within 15 business days.

10. Do I need approval from my banking regulator before submitting a proposal or for the proposal to be accepted?

Treasury does not require that an institution consult its primary federal regulator prior to submission of a proposal. If the proposal is accepted, however, as part of the closing process Treasury will request that your primary federal regulator directly contact Treasury to consent to your repurchase. Treasury cannot accept correspondence between your institution and its appropriate federal banking agency in lieu of the formal notification described above. Treasury recommends that you alert your regulator as soon as you decide to submit a proposal.

11. My institution doesn't have audited financials, what should I submit as my supporting documentation?

If audited financials are unavailable, the institution must submit a letter explaining why this is the case and submit the latest unaudited annual financials (balance sheet, income statement, regulatory capital, etc.) for both the bank and bank holding company (if applicable), or credit union. The letter should also contain a signed statement from the Chief Executive Officer, the Chief Financial Officer, and the directors of the bank and bank holding company (if applicable), or credit union, certifying the accuracy of the submitted financials.

12. What type of dividend history should be included?

Include the dates and amounts of any dividends paid on any securities junior or pari passu to the CDCI securities in your institutions capital structure. This should include all

payments made from the last dividend payments made prior to the CDCI investments up to and including those made prior to the submission of your latest proposal.

13. What does the phrase “immediately prior fiscal year” in Section 4.2(b) of the Securities Purchase Agreement (SPA) and/or Section 3(c) of the CDCI certificate of designation (COD) (applicable for preferred stock securities) mean?

When used in connection with the dividend restrictions contained in the SPA and COD, the phrase “immediately prior fiscal year” means the fiscal year immediately prior to the date on which a CDCI institution is considering making a cash dividend. Therefore, the cash dividend limitation is effective on a rolling fiscal year basis. Accordingly, if cash dividend payments are reduced while an institution remains in the CDCI program, the reduced cash dividend payments become the ceiling for future cash dividends. This has been the interpretation of Treasury since the inception of the CDCI program. Please contact Treasury at cdci@treasury.gov if you have any questions regarding this matter.

14. I don’t know if my institution is in compliance with the executive compensation rules. How do I find out?

Email Treasury at CDCICompliance@treasury.gov to inquire about the status of your executive compensation compliance.

15. If my proposal is declined by Treasury, may I submit a revised proposal?

Yes, an institution may revise and resubmit its proposal within 60 calendar days of its first submission, as long as that time is prior to 5:00PM ET, Friday, December 9, 2016.

16. If I submit a revised proposal, what should I include? Do I need to attach new supporting documentation?

Please resubmit only the proposal form, unless you are updating supporting documentation to reflect more recent information (i.e., new quarterly financials, new dividend payment information, etc.) that wasn’t included with the previous proposal.

17. When is the deadline to submit a proposal?

The submission deadline is the earlier of a) 5:00PM ET, Friday, December 9, 2016, or b) 5:00PM ET, 60 calendar days after submission of the first proposal.

18. Does my institution have to close the transaction?

Yes, the CDCI participant that submitted the proposal must be the counterparty in the repurchase transaction.

19. If the proposal is accepted, how long do I have to complete the repurchase?

Treasury expects that repurchases will be completed within a commercially reasonable period, and anticipates that all repurchases of CDCI securities under this early repurchase option will be completed by Friday, December 30, 2016.

20. Do I have to pay all my dividends or interest at closing?

Yes, the early repurchase price only applies to the par value of the securities and not the outstanding dividends or interest, which are due at closing.

21. I have other questions, who should I contact?

All questions may be directed to cdci@treasury.gov.