



Emergency Capital Investment Program

Payments Process

August 2024

Emergency Capital Investment Program



Presenters

David Meyer

Operations Program Manager
Emergency Capital Investment Program
U.S. Department of the Treasury

Carol Rodrigues

Attorney-Adviser (Finance)
Office of the General Counsel
U.S. Department of the Treasury

Emergency Capital Investment Program



Topics

- ❖ **Payments Process Timing**
- ❖ **Reporting Requirements & Revisions**
- ❖ **Summary Table Demo**
- ❖ **Rate Reduction Calculation Refresher**

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- ❖ **Payments Process Timing**
- ❖ Reporting Requirements & Revisions
- ❖ Summary Table Demo
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Payment Due Dates

First Two Years

- No interest or dividends accrued for the first two years (24 months after the Closing Date) and no payments were due.

Years Three to Ten

- Starting in year three after the Closing Date, Participants will make dividend or interest payments to Treasury on a quarterly basis.
- First payment will be due on the first Payment Date after the second anniversary of the Closing Date.

Example:

- Closing Date of 6/28/2022. First payment due on 9/15/2024, which will be a stub payment for period from 6/28/2024 to 9/14/2024.

Payment Dates

- Payments are due on fixed dates – March 15, June 15, September 15*, December 15.

* **All Participants with a closing date between June 15, 2022 and September 14, 2022 will make the first payment on September 16, 2024 because September 15, 2024 is a Sunday.**



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Payment Process Calendar

July

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- **7/31** – Q2 2024 QSR due
- **8/16** – Participant receives Payment Notice and wire instructions from BNYM
- **9/10** – Last day to notify Treasury of decision to not pay a declared dividend or interest payment or the determination not to declare a dividend
- **9/15** – Last day to notify Treasury of ISR error/revision (resulting in lower baseline)
- **9/16 4:30pm EST** – payments due (BNYM will send reminder around 2pm EST)



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Payment Notices and Tips

- Payments should be made to the Bank of New York Mellon (BNYM), which will be acting as Treasury's agent.
- On **August 16, 2024** , BNYM will send courtesy payment notices to all Participants that have their first payments due on September 16, 2024.
- To ensure you receive notices, be sure to whitelist: UST.Cares.Program@bnymellon.com
- Treasury previously requested that each organization with a payment due on September 16, 2024 provide at least one payment POC. The CEO, CFO, and the POC(s) will receive payment notices from BNYM , using the last information provided to Treasury.
 - **Treasury and BNYM are not responsible for outdated information and blocked emails.**
 - **Timely payment is required even if notice is not received on time or at all.**
- Payments must be made by **Fed wire**, as instructed in the payment notice.
- Pay the exact amount listed in the payment notice.

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Example of Preferred Shares Payment Email from Bank of New York Mellon

In accordance with Sections 3(a)(2) and 3(b) of the Standard Provisions included in the Certificate of Designations setting forth the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof of \$(*aggregate liquidation preference*) of the Senior Non-Cumulative Perpetual Preferred Stock purchased by the U.S. Department of the Treasury pursuant to the Emergency Capital Investment Program established by the Consolidated Appropriations Act, 2021, on (*payment date*) (the Dividend Payment Date), the following cash dividend amount for the dividend period from (*second anniversary date*), 2024 to but not including June 15, 2024, based on the Applicable Dividend Rate of (*dividend rate*), is payable no later than 4:30 Eastern Time on (*dividend payment date*).

CASH DIVIDEND:

\$XXX

Cash payments must be made **via Fed wire** to:

The Bank of New York Mellon

ABA: 021000018

Account Number: xxx

Account Name: xxx

CUSIP: xxx

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Example of Interest Payment Email from Bank of New York Mellon

In accordance with Section 6.4(a) of the Securities Purchase Agreement and Sections 2(a)(i)(B) and 2(b) of the \$(*aggregate principal amount*) of Subordinated Security purchased by the U.S. Department of the Treasury pursuant to the Emergency Capital Investment Program established by the Consolidated Appropriations Act, 2021, on (*payment date*) (the Interest Payment Date), the following cash interest amount for the interest period from (*second anniversary date*), 2024 to but not including June 15, 2024, based on the Applicable Interest Rate of (*interest rate*), is payable no later than 4:30 Eastern Time on (*interest payment date*).

Please note, in accordance with Section 6.4(b) of the Securities Purchase Agreement, failure to make payment in full by the Interest Payment Date will result in overdue interest, which will accrue interest at the Applicable Interest Rate until paid in full.

CASH INTEREST:

\$XXX

Cash payments must be made **via Fed wire** to:

The Bank of New York Mellon

ABA: 021000018

Account Number: XXX

Account Name: XXXX

CUSIP: XXX

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Late or Inaccurate QSRs

- Q2 2024 QSRs are due July 31, 2024.
- **Late or Missing Reports:** Under the terms of the ECIP Certificate of Designations or Form of Subordinated Security, as applicable, Participants that fail to timely submit a complete and accurate QSR will have their rate set to 2% for the next Annual Reset Period.
- **Inaccurate QSR Reports:** Participants will generally have 10 business days to resubmit a QSR after an error has been identified.
 - The ECIP Securities Purchase Agreement requires Participants to notify Treasury of any inaccuracies in a QSR within 3 business days of the discovery of the inaccuracy.
 - To the extent the error results in a change in the payment rate, the payment rate will be adjusted for the remainder of the Annual Reset Period.
 - If the error resulted in the Participant paying less than they should have, Treasury will seek to recoup the difference, consistent with the ECIP Securities Purchase Agreement .
 - Treasury will not refund the difference for payments that have already been made if the error resulted in the Participant paying more than it should have, consistent with the ECIP Securities Purchase Agreement .

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ISR Revisions

- **Inaccurate ISRs:**

- Participants will generally have 10 business days to resubmit a revised ISR after the ECIP team agrees with the proposed correction.
 - If the error resulted in the Participant paying less than it should have, Treasury will seek to recoup the difference, and the corrected ISR will be used for all future rate resets.
- For errors in ISRs that result in the original baseline being higher than it should have been, Participants will need to notify Treasury of the error **prior to their first payment date** in order for Treasury to use the revised baseline for the first rate reset calculation and all future rate reset calculations.
 - Participants that notify Treasury of such an error **after their first payment date** will not be permitted to restate their baseline for purposes of the rate reduction calculation.
 - Participants will only be permitted to restate their baseline if they can credibly demonstrate that the error was the result of a misunderstanding of the ISR instructions or a failure to correctly follow the instructions.

- **Revisions to ISRs due to M&A activity:**

- Continue to reference the QSR Instructions, Section I.F for ISR & QSR due dates.
- Errors identified in ISRs submitted in connection with M&A activity will be handled on an as-needed basis.

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Late Payments

- **Participants are expected to pay the payment amount in full on the payment date** unless they have advised Treasury that they are eligible to defer the interest on their subordinated debt securities or they have not declared dividends on the ECIP preferred stock .
 - For subordinated debt, please see Section 6.14 of the ECIP Securities Purchase Agreement for the conditions under which interest may be deferred. Deferred interest is not capitalized.
 - Participants are required to notify Treasury at least **three business days** before the payment date of a decision to not make an interest payment or pay a declared dividend in full, or a determination not to declare a dividend.
- For the subordinated debt, interest will accrue on any unpaid interest payments starting on the original interest payment due date (09/15/2024), unless the interest has been deferred in accordance with the ECIP Securities Purchase Agreement.
- Preferred stock dividends are non-cumulative, and thus, if they are not declared, they will not become due in the future.

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Summary Table

- Participants can track reported Qualified and Deep Impact Lending each quarter, immediately after submission of the QSR.
- The Summary Table is “live” in the ECIP Portal (salesforce reporting platform). Data is subject to change based on the latest QSR submission data.
- The Summary Table does not display the payment rate, but Participants can use the data presented in the table to determine their payment rate .
- Please refer to Section III.B of the QSR instructions for details on the items in the Summary Table.
- Some participants with a 9/15 Payment Date use the four QSRs ending with Q1 2024 for their rate calculation, while others use the four QSRs ending with Q2 2024, based on their closing date.
- Once a Participant submits its final of the 4 QSRs, all four QSRs used in the payment calculation are shown in the Summary Table.
- Tip: The quarterly payments are calculated on a 30/360 basis. Participants can use the Summary Table to determine their payment rate and calculate the quarterly payment due. There is no requirement to wait to receive the payment notice from BNYM.

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Summary Table

☰ Treasury COVID-19 Relief Hub  

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Quarterly and Initial Supplemental Reports

To fill out QSR data, click on the applicable form for the current reporting time period from the list below. To revise ISR data, click on the "Baseline" report.

All + 

150+ items • Sorted by Report Year • Filtered by All ecip compliance reports • Updated a minute ago

 

ECIP Compliance Report Name	Applicant Name	Report Quarter	Report Year ↑	Due Date	Completed Date	Summary Table Link
EC-1328_Q2_2028_test - GH 03/24	test - GH 03/24	Q2	2028		8/17/2023 12:00 PM	Summary Table



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Summary Table

ECIP Applicant ID	EC-1328	Applicant Institution Type	Credit Union		
Applicant Name	test - GH 03/24	Applicant Taxpayer ID	12-1113456	Applicant DUNS Number	22-111-1222

Technical questions or issues related to the electronic application should be directed to ecip@treasury.gov.
All emails will be answered within one business day.

Summary Table

Below is an overview of QSR submissions for the four quarters ending on 9/30/2028. The cells in these tables are populated once Treasury has accepted the relevant QSRs.

4A	Baseline Qualified Lending				\$400	(a)
4B	Applicable Investment Amount				\$100	(b)
4C	Qualified Lending Reported by Year x Quarter	Period	Qualified Lending	Deep Impact Lending		
		2027 - Q4	\$50	\$50		
		2028 - Q1	\$50	\$50		
		2028 - Q2	\$50	\$50		
		2028 - Q3	\$50	\$50		
		Subtotal	\$200	\$200		
4D	<u>Annual Qualified Lending</u> ; Qualified Lending for the four quarters ending on 9/30/2028 (Sum of Qualified Lending + 2*Sum of Deep Impact Lending)				\$600	(c) = QLO + 2*DILO
4E	<u>Increase in Qualified Lending</u> ; Difference between Qualified Lending for the four quarters ending on 9/30/2028 and Baseline Qualified Lending (4D-4A)				\$200	(d) = (c) - (a)
4F	<u>Percentage Change in Qualified Lending</u> ; Increase in Qualified Lending as a % of the Applicable Investment Amount (4E/4B)				200%	(e) = (d) / (b)

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Payment Due Dates

Payment Dates

- Payments are due on fixed dates – March 15, June 15, September 15*, December 15.
- *** All Participants with closing date between June 15, 2022 and September 14, 2022 will make the first payment on September 16, 2024, because September 15, 2024, is a Sunday.**

First Two Years

- No interest or dividends accrued for the first two years (24 months after the Closing Date) and no payments were due.

Years Three to Ten

- Starting in year three after the Closing Date, Participants will make dividend or interest payments to Treasury on a quarterly basis.
- First payment will be due on the first Payment Date after the second anniversary of the Closing Date.
Examples:
 - Closing Date of 5/24/2022. First payment due on 6/17/2024, which will be a stub payment for period from 5/24/2024 to 6/14/2024.
 - Closing Date of 6/21/2022. First payment due on 9/15/2024, which will be a stub payment for period from 6/21/2024 to 9/14/2024.

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Payment Rate Calculation

Years Three to Ten

- Rate adjusted **annually** based on increase in Qualified Lending and Deep Impact Lending in the **preceding year** compared to the Baseline Qualified Lending reported in the Initial Supplemental Report (ISR), as a percentage of the ECIP investment in the Participant.
- The QSR measures loan originations, not loan balances. The payment rate is therefore calculated based on the increase in loan originations and not increases in the balance sheet.
- The QSR used to calculate the first payment rate is the QSR for the most recently completed calendar quarter for which the due date has occurred as of the second anniversary of the Closing Date. For Participants that closed between May 1, 2022 and June 30, 2022, this will be the QSR dated **3/31/2024**.
 - For these Participants, the lending used to calculate the payment rate for year three will be from **4/1/2023 to 3/31/2024**.
- For Participants that closed between July 1, 2022 and September 30, 2022, this will be the QSR dated **6/30/2024**.
 - For these Participants, the lending used to calculate the payment rate for year three will be from **7/1/2023 to 6/30/2024**.

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Rate Reduction Example

Years Three to Ten

- Participant receives a \$40 million investment from Treasury on June 28, 2022.
- Baseline Qualified Lending = \$100 million.
- In its QSRs for year 2 (QSRs for Q2 2023 ,Q3 2023 , Q4 2023 , and Q1 2024), Participant reported a total of \$150 million in Qualified Lending (not including Deep Impact Lending) and an additional \$15 million in Deep Impact Lending.
- Annual Qualified Lending in Year 2 = Qualified Lending + 2 * Deep Impact Lending = \$150 million + (2 * \$15 million) = \$180 million.
- % change in Qualified Lending = ((Annual Qualified Lending in Year 2 – Baseline Qualified Lending)/ Investment Amount)*100 = ((\$180 million – \$100 million)/\$40 million)*100 = 200%.
- As per the ECIP legal agreements, a 200% increase in Qualified Lending would correspond with a payment rate of **1.25%**.
- Rate of 1.25% would be for the period from 6/28/2024 to 9/14/2025.
- Next rate reset would be on 9/15/2025.



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Fixed Rate Reduction

Years 11+

- Rate is fixed based on average annual increase in Qualified Lending and Deep Impact Lending over the **preceding nine years** compared to the Baseline Qualified Lending as a percentage of the ECIP investment in the Participant.
- Example: \$40 million investment from Treasury.
- Baseline Qualified Lending = \$100 million, which was not adjusted in the first ten years due to a merger or other business combination.
- Participant reports the following (Qualified Lending does not include Deep Impact Lending):

Reported Years	Baseline	Qualified Lending	Deep Impact Lending
Year 2	\$ 100,000,000	\$ 150,000,000	\$ 15,000,000
Year 3	\$ 100,000,000	\$ 200,000,000	\$ 20,000,000
Year 4	\$ 100,000,000	\$ 240,000,000	\$ 28,000,000
Year 5	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000
Year 6	\$ 100,000,000	\$ 360,000,000	\$ 28,000,000
Year 7	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000
Year 8	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000
Year 9	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000
Year 10	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000
Subtotal	\$ 900,000,000	\$ 2,550,000,000	\$ 231,000,000

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Fixed Rate Reduction

Years 11+

- Aggregate Annual Qualified Lending in years 2 through 10 = Aggregate Qualified Lending + 2*Deep Impact Lending = \$2,550 million + (2 * \$231 million) = \$3,012 million
- Aggregate Baseline = \$900 million(\$100 million * 9)
- Aggregate Increase in Qualified Lending = Aggregate Annual Qualified Lending - Aggregate Baseline = \$3,012 million - \$900 million = \$2,112 million
- Average Annual Increase in Qualified Lending = Aggregate Increase in Qualified Lending / 9 = \$2,112 million / 9 = \$234.667 million
- % Change in Qualified Lending = (Average Annual Increase in Qualified Lending/ Investment Amount)*100 = (\$234.667 million/ \$40 million)*100 = 587%
- As per the ECIP legal agreements, a 587% increase in Qualified Lending would correspond with an annual payment rate of 0.5% for each quarter from the first payment date after the tenth anniversary of the Closing Date until the instruments are redeemed or mature.



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Alternate Calculation

Years 11+

Reported Years	Baseline	Qualified Lending	Deep Impact Lending	Annual Qualified Lending	Increase over Baseline
Year 2	\$ 100,000,000	\$ 150,000,000	\$ 15,000,000	\$ 180,000,000	\$ 80,000,000
Year 3	\$ 100,000,000	\$ 200,000,000	\$ 20,000,000	\$ 240,000,000	\$ 140,000,000
Year 4	\$ 100,000,000	\$ 240,000,000	\$ 28,000,000	\$ 296,000,000	\$ 196,000,000
Year 5	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000	\$ 376,000,000	\$ 276,000,000
Year 6	\$ 100,000,000	\$ 360,000,000	\$ 28,000,000	\$ 416,000,000	\$ 316,000,000
Year 7	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000	\$ 376,000,000	\$ 276,000,000
Year 8	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000	\$ 376,000,000	\$ 276,000,000
Year 9	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000	\$ 376,000,000	\$ 276,000,000
Year 10	\$ 100,000,000	\$ 320,000,000	\$ 28,000,000	\$ 376,000,000	\$ 276,000,000
Subtotal	\$ 900,000,000	\$ 2,550,000,000	\$ 231,000,000	\$ 3,012,000,000	\$ 2,112,000,000

- Aggregate Increase in Qualified Lending = Sum of annual increase in Qualified Lending over the Baseline for years 2 through 10 = \$2,112 million
- Average Annual Increase in Qualified Lending = Aggregate Increase in Qualified Lending / 9 = \$2,112 million / 9 = \$234.667 million
- % Change in Qualified Lending = (Average Annual Increase in Qualified Lending/ Investment Amount)*100 = (\$234.667 million/ \$40 million)*100 = 587%

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If you have any questions, please email:

- ecip@treasury.gov

You may also visit the ECIP website:

- [Emergency Capital Investment Program | U.S. Department of the Treasury](#)