



## **TARP Capital Purchase Program Frequently Asked Questions**

*Through the Treasury's voluntary Capital Purchase Program (CCP), financial institutions can sell senior preferred shares to the federal government. The plan offers \$250 billion to purchase senior preferred shares.*

*Applications for publicly traded institutions were due Nov. 14, and "Private" C corporation bank applications were due Dec. 8. All interested banks must consult with and submit the application to their primary federal regulator. Banks will have 30 days from preliminary approval to submit final documentation and fulfill necessary requirements. Treasury is aware of legal and tax obstacles for Subchapter S corporation and mutual institutions and is working to develop alternative terms for these institutions.*

### **Q: Which financial institutions are eligible for the TARP Capital Purchase Program?**

**A:** Generally, any bank, community bank, savings association, bank holding company or savings and loan holding company organized under the laws of the United States qualifies.

### **Q: If a financial institution cannot qualify for this program, will it be eligible to participate in other TARP programs?**

**A:** Yes.

### **Q: What is the purpose of the program?**

**A:** Federal agencies say participation in the low-cost capital program is designed to bolster financial strength and allow for prudent lending that may currently be constrained by current capital levels.

### **Q: What about community banks that do not issue senior preferred stock?**

**A:** The application deadline for Subchapter C corporations was Dec. 8. Treasury is considering an application form and term sheet for Subchapter S corporation and mutual institutions at a later date and establish a reasonable deadline to apply.

### **Q: How do community banks apply to the CPP?**

**A:** You must consult with and submit an application to your primary federal regulator. The banking agencies have applicable information on their Web sites.

- FDIC: <http://www.fdic.gov/news/news/financial/2008/fi108109.html>
- Federal Reserve: <http://www.federalreserve.gov/bankinfo/tarpinfo.htm>
- Office of the Comptroller of the Currency: [http://www.occ.treas.gov/financial\\_issues.htm](http://www.occ.treas.gov/financial_issues.htm)
- Office of Thrift Supervision: <http://www.ots.treas.gov/?p=CPP>

Applications will be forwarded by the bank agencies with a recommendation to Treasury. Treasury has the final say. Banks may choose to withdraw their applications at any time during the process.

**Q: What is the deadline for submitting an application?**

**A:** Applications for publicly traded banks were due to their appropriate federal banking agencies Nov. 14. Subchapter C “private” corporation applications were due Dec. 8. Treasury is considering a separate deadline for Subchapter S corporation and mutual institutions once terms are released.

**Q: Is there an application form?**

**A:** Yes. The federal banking agencies offer a common [application form](#).

**Q: What information must be provided on the application?**

**A:** The application form requires you to submit basic information about your bank, the amount of the perpetual preferred stock investment that you are requesting from Treasury and information regarding the amount of authorized but unissued preferred stock and common stock that you currently have available for purchase.

**Q: What happens if we cannot issue the preferred stock by the application deadline or meet other requirements of the term sheet?**

**A:** You will have 30 days after the preliminary deadline to submit final documentation and fulfill any outstanding requirements. However, you must explain any limitations in your application.

**Q. Will the names of applicants for the program be made public?**

**A.** No. Applications are confidential. Applications that are denied or withdrawn will not be disclosed. However, Treasury will provide electronic reports detailing any completed transactions, as required by the Emergency Economic Stabilization Act, within 48 hours. You may request confidential treatment of specific portions of your applications by submitting a written request, the process of which is outlined on the application form.

**Q: Will we receive verification that our application has been filed with our appropriate federal banking agency?**

**A:** Yes.

**Q: How long will it take for an application to be processed?**

**A:** Treasury and the banking agencies will process and preliminarily accept applications as quickly as possible. However, response times may vary.

**Q: How will applicants be notified when a preliminary decision has been made by Treasury?**

**A:** Treasury will contact the representative you identified on your application form.

**Q: When do we submit final documentation to complete the preferred share purchase?**

**A:** Final documentation must be submitted no later than 30 days after you have been notified that you received preliminary acceptance. Instructions for submitting final documentation will be available on Treasury’s [Web site](#).

**Q: Will capital raised under this program count as Tier 1 capital?**

**A:** Yes.