



State of Rhode Island  
Office of the General Treasurer  
**James A. Diosa**  
General Treasurer

## **BankLocal/Community Deposit Program Guide**

The BankLocal/Community Deposit Program (the “Program”) is a partnership between the State of Rhode Island Office of the General Treasurer (“Treasurer”) and participating financial institutions that provides State deposits to support qualifying loans made by participating financial institutions. This document describes the requirements necessary for financial institutions to participate in the Program, the loans that qualify for this Program, and the reporting requirements associated with the Program.

### **I. Bank Qualifications**

To participate in the Program, a financial institution must provide a written statement addressed to the State Investment Commission (SIC) that the institution meets the following criteria:

1. Has existed and operated for at least three years.
2. Has an investment-grade short-term rating from a nationally recognized statistical ratings organization or a minimum grade of Satisfactory from a bank rating service, such as Veribanc.
3. Shows positive return on assets within at least four of the most recent six quarters.
4. The Federal Reserve risk-based minimum capital ratio must be at least 8%; and
5. Non-performing assets as a percentage of total assets may not exceed 3%.

In addition, please include the following information and materials:

1. Bank or Credit Union CRA rating – this will include:
  - a. The most recent CRA public disclosure report by the appropriate regulatory organization(s).
  - b. The most recent Home Mortgage Disclosure Act report; and
  - c. Any documents relating to fair lending audits.
2. Letter certifying you have read the Short-Term Investment policy.
3. Proof of FDIC or NCUA insurance; and
4. Current audited financials.

Please note that if the financial institution has already been approved to be a depository institution by the SIC, a letter to the SIC requesting inclusion in the Program is all that is necessary.

The SIC Short-Term Investment Policy describes the standard qualifications to be a depository of State funds. You can find that document, and all SIC policy statements, at <http://data.treasury.ri.gov/dataset/sic-investment-policy-statements>.

### **II. Loan Qualifications**

A loan will qualify for this Program if it is made to a small business physically located in the State of Rhode Island that employs up to and including 100 employees and does not exceed \$250,000.00. Qualifying loans can be secured or unsecured, term loans, or credit lines. There is no limit on the term of a loan, however, in accordance with State Investment Commission policy, Treasury's commitment of deposits shall be made for a period of one year, with the option to renew for four additional one-year periods at Treasury's discretion. For loans with a term of more than a year, Treasury will endeavor to roll over the deposit at yearly intervals, at a value matching the outstanding balance of the loan, for the entire term of the loan. However, the liquidity needs of the State shall take precedence over any pledge made to match deposits to loans through this program and deposit retention is not guaranteed.

Qualifying loans in the below categories are eligible to receive twice the loan amount in deposits:

- a. Women-owned businesses
- b. Minority-owned businesses
- c. First-time entrepreneurs (an individual who has not owned a business before and the recipient business started less than five years prior to loan application)

Note that deposits made under the Program must be collateralized, per the collateral requirements listed under section (3) Operations in the Short-Term Investment Policy found at <http://data.treasury.ri.gov/dataset/sic-investment-policy-statements>.

SIC policy prohibits Treasury from making investments with maturities longer than 397 days. Therefore, at annual intervals during the term of a loan, the lender must renew the deposit request for the specific loan, providing the same information as at origination, with the currently outstanding loan balance.

### **III. Reporting Requirements**

There are two categories of reporting required by a financial institution to participate in the Program: per-loan information, which must be filed with Treasury 1) at the loan closing and 2) annually until the loan is repaid; and aggregate information, which must be reported annually.

**A.** Per-loan information must be collected at the time the loan is issued and must be signed by the borrower. Per-loan information must include the loan amount, the loan term, the closing date, the type of loan (term loan, line of credit, whether the loan is part of the Capital Access Program or other credit support), the number of employees of the business, the business name, and zip code of the recipient business. This information should include an identifying number that can be used to identify the loan to the lending institution. Treasury has no determination in the loan process itself.

**B.** At the close of each fiscal year, each participating financial institution must provide a report on the loans for which it accepted deposits through this Program. The financial institution must report the data in aggregate and include:

1. The total new dollars loaned through the program during the fiscal year and the amount outstanding.
2. Loan terms, amounts, interest rates, and zip codes from a selection of comparable outstanding business loans that are not part of the program. The number of loans in this comparison group should be equal to or larger than the number of loans enrolled in the BankLocal/Community Deposit Program.