

COMMUNITY BANK DEPOSIT PROGRAM

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1. AUTHORITY:

Article 2-C of New York State Banking Law provides for the creation of the Community Deposit Program (the “CDP”). Both the New York State Comptroller (the “Comptroller”) and the New York State Department of Tax and Finance are authorized to provide these programs.

The New York State Department of Financial Services (the “Department”) serves in an advisory role to each of these two agencies with respect to the implementation of their programs.

Banks seeking to participate in the CDP provided by the Comptroller should submit a letter application (see “5. Submission Guidelines” below).

2. PURPOSE:

The stated purpose of Article 2-C of the Banking Law is to authorize and encourage the Comptroller to deposit a portion of the funds under his control into local banks so as to obtain for New York State the economic benefits and stimulus which result from the placement of deposits in local banks. It is expected that banks receiving such deposits shall use these funds to stimulate local economic development.

It is anticipated that all CDP deposits will be at such rates, and for such periods of time, as established by the Comptroller. The minimum interest rate on CDP deposits will be equivalent to the then current six month Treasury Bill rate. Interest will be based on a 360 day year and the actual number of days that the deposit is outstanding. All principal and interest shall be repaid by the bank at maturity. Failure to do so will result in additional interest charges based on New York State’s Short Term Investment Pool rate.

The maximum amount of funds that the Comptroller can deposit under this program will not exceed \$250 million. Individual deposits at any one institution will not exceed \$20 million.

3. ELIGIBILITY:

Both state and federally chartered banking institutions are eligible to participate in the program.

All applicants must have a Community Reinvestment Act ("CRA") rating of at least "satisfactory" and a LACE or comparable rating of at least "C+".

Given the purposes of the statute, the Comptroller will require that all successful applicant institutions will have demonstrated a history of meeting community needs as measured by their home mortgage, small business, small farm and community development lending.

Applicants must either be chartered by the Department or, if federally chartered, have its principal office (for this purpose meaning main or head office) in New York State.

Only institutions that demonstrate that the aggregate of their home mortgage, small business, small farm and community development lending in their assessment areas in New York State in their prior fiscal year exceeded 40% of their total lending in that year will be selected to receive CDP deposits. (The terms "home mortgage lending", "small business lending", "small farm lending", "community development lending" and "assessment areas" shall have the meanings ascribed to them in the applicable state or federal CRA regulations.) Consideration also will be given to the supervisory status of any bank applicant. It is anticipated that federal bank regulatory agencies will be contacted as necessary in this regard. No assurances are given that any application(s) will be approved.

Banks receiving CDP deposits will be required to collateralize all such deposits consistent with existing laws and the Comptroller's guidelines.

The Department will evaluate all applications submitted and will provide its recommendation to the Comptroller. It is expected that a bank's eligibility under the CDP will automatically terminate 15 months after the end of the fiscal year for which the institution's lending data was submitted. **Institutions should, on their own initiative, arrange to submit data in advance of any such scheduled termination in order to allow for the uninterrupted continuation of their eligibility under the CDP.**

It is anticipated that CDP deposits will be made in the form of six month certificates of deposit, through a bidding process, with the minimum rate being the then current six month Treasury Bill rate.

4. APPROVAL PROCESS:

Applications are considered on a rolling basis; there is no deadline for application submission.

An acknowledgement of the receipt of the application will be mailed to the applicant within five days of receipt of application by the Department.

Requests for additional information, if any, will be made by the Department within 30 days of receipt of the application.

Applicants will receive written notice of the Department's recommendation to the Comptroller within 60 days of receipt of the completed application.

Upon receipt of the Department's favorable recommendation, the applicant should contact the Comptroller for approval.

5. SUBMISSION REQUIREMENTS:

The application must include the following information and documentation:

1. A letter from the applicant, presented on bank letterhead and signed by senior management, stating the amount of CDP deposit requested. The letter should include the name of the bank, primary contact, address of branch where deposit will be made and telephone, fax number and e-mail address.
2. Evidence supporting the bank's home mortgage, small business, small farm and community development lending in its New York State assessment area(s) during the institution's last fiscal year and a calculation of the percentage of the institution's total lending that the above lending constituted in the aggregate in that year.

CDBP - Lending Assessment				
Loan Type	# in AA	# Total	\$(000) in AA	\$(000) Total
HMDA Loans				
Small Business				
Small Farm				
Community Development Loans				
Aggregate				

3. Applicant's NYS loan to deposit ratio and the percentage of the applicant's NYS deposits to its overall deposits.
4. Evidence of Applicant's CRA rating.
5. Evidence of the applicant's current LACE or comparable rating.

6. INSTRUCTIONS

One **original** signature copy of the application should be sent to the Department at:

New York State Department of Financial Services
Community and Regional Banks
Attention: Ruth Adams
One State Street
New York, New York 10004-1511

One complete **copy** of the application should be sent to the Office of the State Comptroller at:

Office of the State Comptroller
Division of Pension Investments and Cash Management
Attention: Elizabeth Feller
110 State Street, 14th Floor
Albany, New York 12236

7. QUESTIONS

Questions related to the preparation of the application, should be directed to:

Deputy Superintendent Ruth Adams (212) 709-1610
New York State Department of Financial Services

Elizabeth Feller (518) 473-0505
Office of the State Comptroller