

COMMUNITY DEPOSIT PROGRAM POLICY

State of Rhode Island (“State”) Office of the General Treasurer (“Treasury”) and the State Investment Commission (“SIC”) seek to support Rhode Island’s economy by linking deposits in qualifying Rhode Island financial institutions (“Institutions”) to corresponding small business loans under *BankLOCAL* and mortgage loans under *RI AnchorHome* (“Deposits”). Investment of the Deposits seeks to support the expansion of credit within the State through the Institutions while honoring the vital goals of safety, security, and liquidity.

1. Program Funding

The Treasury cash manager is authorized to allocate the state’s cash balances to the Deposits (“Allocation”), *subject to* (a) no more than \$10 million per Institution under BankLOCAL, (b) no more than \$10 million per institution under *RI AnchorHome*, and (c) the maximum Allocation amount as permitted by the *Investment Policy Statement for State of Rhode Island Short-Term Investments*.

2. Program Policy

An Institution making a loan that satisfies the criteria below may request the Treasury cash manager to deposit funds equal to the loan balance. The deposits will have similar maturity to term of the loan, up to one year. For loans with a term of more than a year, the cash manager 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 Community Deposit Program (“Program”).

Some qualifying small business loans may be matched at a 2-to-1 rate at the option of Treasury with right of refusal for the depository. In the event of such a loan, the declining balance shall be maintained at the same ratio as the initial deposit.

Neither Treasury nor any other component of the State will participate in the underwriting decisions on any loans associated with this Program, and the Deposits cannot be construed as a guarantee of the loans. In the event of a default on a participating loan, the matching deposit may be withdrawn.

3. Loan Applicability and Criteria

3A. Small Business Loans (BankLOCAL)

This Program supports business loans in values up to \$250,000 and terms up to five years in the following categories:

- Loans to small businesses (up to 100 employees);
- Loans to women- and minority-owned businesses, as defined pursuant to § 3 of the federal Small Business Act, 15 U.S.C. § 632 (these loans may be matched 2 to 1); and
- Loans made to businesses owned by first-time entrepreneurs (these loans may be matched 2 to 1).

3B. Mortgage Loans (RI AnchorHome)

The Program also supports qualifying mortgage loans originated by participating Institutions that must meet the following criteria:

- The loan must be a first-lien residential mortgage secured by a one-to-two-family property located in Rhode Island;
- The property must serve as the borrower's primary residence;
- The loan must comply with all applicable state and federal lending laws and regulations
- Loan amounts may not exceed conforming loan limits established by the Federal Housing Finance Agency (FHFA); and
- Participating Institutions must demonstrate that such loans expand access to credit or affordable homeownership opportunities in Rhode Island.

4. Qualifying Institutions

Institutions participating in this Program must be qualified using the criteria approved by the SIC for depository institutions. An Institution may apply to participate in BankLOCAL, *RI AnchorHome*, or both.

5. Reporting

Treasury will only maintain records of the loans made through this Program, to the extent necessary to maintain appropriate deposit levels and track Program performance. The initial application to Treasury for a matching deposit shall contain the loan amount, type, term, closing date, borrower zip code or Census tract, and an identifying number with which the Institution can retrieve a full record of the loan if necessary.

On an annual basis, the participating Institutions will provide Treasury a report containing data on each of the loans made through this Program, including, but not limited to, the identifying number, payment status (or repayment date), and remaining balance, if any. For *RI AnchorHome*, the annual report shall also include data on the borrower income requirement, loan-to-value ratio at origination, and property census tract.

Treasury may aggregate and publish program-level outcomes to assess progress toward expanding affordable homeownership in Rhode Island.

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