

ECIP ALERT

SSW attended a webinar last Friday dealing with the Emergency Capital Investment Program (ECIP). The speaker was Chris Weaver, interim director of the Program, and the format was largely Q&A. A few key takeaways:

- 1) No restrictions on the use of the capital;
- 2) We asked the question on forgiveness (there will likely be no additional guidance before applications are submitted; Chris just said that this is intended to be an investment program, not a grant program, so we surmise that forgiveness may be used sparingly);
- 3) Highly likely that application deadline will be extended beyond the current May 7th deadline (which will move the whole process, including the awards, out to perhaps the fall);
- 4) Treasury will defer to regulators on executive comp and dividend restrictions; excessive expenditures restrictions are from Treasury (whole program is intended to be "carrots without sticks");
- 5) Strong consideration being given to lowering Sub-S rate to 2% from 2.5%, and extending sub-debt maturity from 15 years to perhaps 30 years or longer;
- 6) There will be a forthcoming webinar with both Treasury and regulators to answer further questions;
- 7) Lots of questions about the application itself (determination of baselines, reporting requirements, et cet.);
- 8) Chris suggested being expansive and dollar-generous in the application, as institutions do not have to accept full amount allotted by Treasury;
- 9) Treasury recognizes the issue that it is impractical and basically illegal to collect borrower information across ethnicity and income dimensions, so census tract information can serve as a proxy;
- 10) Preferred for C-corps is definitely non-cumulative, non-voting and perpetual;
- 11) Apparently, lots of IT issues with the application portal--this group will hold another session with ECIP head and his IT people to try to resolve;
- 12) Reporting and recalibration of rate reductions for qualified lending will be on an annual basis.

We will keep you apprised of further refinements with respect to the Program as they become available.

April 19, 2021

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