

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Releases Capital Purchase Program Term

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**Washington-** The U.S. Treasury Department today released the term sheet and answers to frequently asked questions for qualified financial institutions applying to the Capital Purchase Program that are S corporations. The term sheet provides for issuances of debt instead of stock, unlike other term sheets for the Capital Purchase Program.


S corporations are corporations which make a valid election to be taxed under Subchapter S of Chapter 1 of the Internal Revenue Code. S corporations are generally not subject to corporate income tax, but their shareholders must take into account their share of the S corporation's income. To preserve their status, S Corporations cannot, among other restrictions, issue a second class of stock such as the preferred stock issued to Treasury by other qualified financial institutions under the Capital Purchase Program. These institutions cannot have more than 100 shareholders who, subject to limited exceptions, must be natural persons, not other companies or institutions.

S Corporations will have until February 13 to apply with their federal banking agency using forms on the Treasury's [Troubled Assets Relief Program website](#).

Treasury already has provided capital to 257 large and small financial institutions in 42 states and Puerto Rico. The largest investment was \$25 billion and the smallest investment has been \$1 million. Among the institutions funded to date were several certified community development financial institutions, which the Treasury exempts from warrant requirements. Today's announcement furthers Treasury's assurance that the Capital Purchase Program has been and will continue to be available to community banks across the nation, many of which have already applied and have received funds under the program.

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### REPORTS

- [Term Sheet – S-Corporations](#) 
- [FAQ – S-Corporations](#)

