**Section 900.20 Designation of Participating Banks**

a) Qualification Procedure

1) To become eligible to participate in the programs of the Authority, a banking organization shall submit to the Authority an application to be designated as a participating bank, accompanied by such organization's latest audited financial statements, and including the designation of one or more individuals employed by the organization who will be responsible for working with the Authority.

2) The Authority will endeavor to process all complete applications for designation as a participating bank within thirty (30) days of receipt thereof. Incomplete applications will not be processed, and the applicant will be notified of any deficiencies in its application. Approval of complete applications shall be based upon the applicant's present financial condition. In evaluating an applicant banking organization, the following factors will be considered:

A) Capitalization (adequacy and ratios);

B) Profitability (adequacy and ratios);

C) Asset risk indicators and ratios;

D) Management (qualifications and experience);

E) Lending practices; and

F) Regulatory compliance status and history.

3) If, based upon its consideration of the factors set out in Section 900.20(a)(2), the Authority determines that the applicant banking organization is qualified to become eligible to participate in the programs of the Authority, it shall designate such organization as a participating bank, and communicate such decision to the applicant banking organization.

4) At least annually, participating banks shall submit to the Authority financial statements prepared by certified public accountants. Staff will review each such statement to determine that the participating bank remains qualified to be eligible to participate in the Authority's programs. If Staff determines that the participating bank is no longer qualified to be eligible, it shall issue to such bank a notice of intent to revoke such bank's eligibility.

5) If it is determined by Staff that, based upon its initial application, an applicant banking organization is ineligible to participate in the programs of the Authority, or that, subsequently, the eligibility of a participating bank should be revoked because of the failure of the participating bank to comply with the standards set forth in this Part, Staff will communicate the decision to the applicant or participating bank. The notice of denial of eligibility, or intent to revoke eligibility, shall specify the basis for the denial or revocation.

6) A notice of denial or intent to revoke of eligibility may be appealed to the Board. If it so desires to appeal, the applicant or participating bank, as the case may be, shall deliver a notice of appeal to the Authority within 15 business days of its receipt of the notice of denial or intent to revoke eligibility. The notice of appeal shall specify the basis for the appeal.

7) The Board shall designate one director, or a member of the Staff, as a hearing officer to conduct a hearing to consider the basis for the denial of eligibility or notice of intent to revoke eligibility, and any response thereto made by the applicant or participating bank. The hearing officer shall thereupon submit a written recommendation to the Board which will render a decision at one of the next two regularly scheduled meetings as to whether or not to sustain or overturn the notice of denial or intent to revoke eligibility, based upon the standards set forth in Section 900.20(a) and Section 900.200.