

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA**

DATE: October 2001 **LETTER NO.:** 01-CU-14
TO: Federally Insured Credit Unions
SUBJ: Community Development Revolving Loan Fund –
Technical Assistance Program
ENCL: Technical Assistance Program

DEAR BOARD OF DIRECTORS:

In 1986, Congress assigned responsibility for the Community Development Revolving Loan Fund (CDRLF) program to the National Credit Union Administration. The loan program provides opportunities for low-interest loans to credit unions designated low-income to assist these institutions in furthering their outreach to the communities they serve.

A component of the CDRLF provided by the NCUA Board is a technical assistance grant program. The purpose of technical assistance is to aid low-income designated credit unions in providing services to their members and in improving the efficiency of their operations. The funds available for technical assistance are derived from the interest income generated from the outstanding CDRLF loans and investments. Earnings in 2001 are anticipated to be \$226,000. In 2001, Congress also appropriated \$350,000 to the CDRLF specifically for technical assistance.

Because of the limited funding available, as well as the large number of potential applicants, technical assistance grants will generally not exceed \$5,000. To ensure the appropriate allocation of technical assistance grants, the agency has developed procedures for reviewing requests from low-income designated credit unions, which are attached for your information and review.

All low-income designated credit unions are encouraged to utilize this program to further improve credit union efficiencies and to better serve their fields of membership. Your local regional office and the Office of Credit Union Development can provide information on how to qualify for low-income status and the Community Development Revolving Loan Fund program. Additional information on serving the underserved, as well as the application for technical assistance, can be found on our Internet site, <http://www.ncua.gov/>.

Sincerely,

/s/

Dennis Dollar
Chairman

Enclosure

Technical Assistance Program

Purpose:

NCUA technical assistance will aid participating credit unions in providing services to their members and in the efficient operation of those credit unions.

The technical assistance grant program will not be used to reimburse the agency for any activity.

Funding Priorities:

The Office of Credit Union Development (OCUD) will not fund technical assistance requests where the credit union has contracted with or procured the services or equipment prior to obtaining approval of the technical assistance request.

The OCUD will base its consideration for technical assistance requests on the following priorities:

- 1) **Urgent Operational Objectives** – OCUD will provide first priority to those requests for assistance to ensure the continued operations of a credit union that has taken the necessary action to address issues of concern but needs financial assistance to facilitate further improvements.
 - a. Examples of such assistance include, but are not limited to, the conducting of an audit, updating records, and collecting on delinquent loans.
 - b. OCUD will expeditiously consider these requests, ensuring consideration for fully funding the request that is well supported in identifying the urgent operational objectives.
- 2) **Short- and Mid-Term Development Objectives** – OCUD will view this activity as one needed to further expand the capability of the credit union officials and staff to better serve their member base.
 - a. Examples of these activities include, but are not limited to, staff and officer training, strategic planning, consulting for new products and services, and computer hardware and software.
 - b. OCUD, in determining the amount of the request to fund, will base its determination on available funds budgeted for mid-term development objectives and the justification provided by the credit union concerning the expected impact the assistance will have on the credit union and its field-of-membership.
- 3) **Long-Term Development Objectives** – OCUD views this as assistance that may result in long-term benefits to the credit union and/or the community it serves.
 - a. An example of this activity is the Student Intern Program.
 - b. OCUD will provide limited funding for these programs. Funding will generally augment assistance provided from other sources.

Technical Assistance Program

The technical assistance program will generally not be used for recurring operational expenses.

The Director of OCUD will base the budgeting for the technical assistance component on the priorities established above to ensure funds are available for urgent operational objectives.

Evaluation Criteria:

After prioritizing the requests, the OCUD will determine the appropriateness of the request, basing its decision on:

- 1) Funding availability from the CDRLF.
- 2) Capability of credit union management and staff.
 - Management and staff should demonstrate an ability to implement the requested services or improve operations through the purchase of equipment.
 - OCUD will review recent supervision history to determine management and staff capability.
- 3) Condition of the credit union.
 - The financial and operational conditions of the credit union should reflect the likelihood of ongoing viability.
 - OCUD will review recent supervision history and the most recent 5300 report to determine management and staff capability.
- 4) Prior activity of the credit union with the CDRLF program.
 - The purpose of the CDRLF program is to gain maximum economic impact on as many participating credit unions as possible.
 - OCUD will consider prior activity to determine whether the credit union has maximized the impact of assistance provided and whether further assistance is warranted.
- 5) Ability to self-fund the activity where funding is requested.
 - Due to limited funding and an effort to gain maximum impact on as many participating credit unions, OCUD will limit assistance to those credit unions reflecting ability to self-fund unless the credit union demonstrates extenuating circumstances, such as unforeseen loan losses that will impact on current earnings.
- 6) Need for services to improve financial condition and/or member service.
 - OCUD will determine whether the application adequately supports the objectives stated by the credit union.

The OCUD will provide the credit union applicant with justification for its decision.

Technical Assistance Program

Processing Time:

The OCUD will generally process technical assistance grant requests within 15 calendar days from date of receipt and will process requests for reconsideration within 10 calendar days.

If the review of the credit union's application discloses incomplete or missing information, OCUD will defer action and request that the credit union provide the needed information. The deferral action will be for 30 calendar days. If the credit union does not provide the supporting information requested within the 30-day period, OCUD will issue a denial notice to the credit union.