

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: February 2006 LETTER NO.: 06-CU-02
TO: Federally Insured Credit Unions
**SUBJ: Community Development Revolving Loan Fund
Technical Assistance Grant Program**
ENCL: General Guidelines for Technical Assistance Grants

Dear Board of Directors:

The National Credit Union Administration (NCUA) is pleased to announce the 2006 Community Development Revolving Loan Fund Technical Assistance Grant Program.

As a result of NCUA's ongoing efforts to provide credit unions with grants that build capacity and enhance services to members, Congress has again appropriated funds to the CDRLF. For 2006, the CDRLF received a \$950,000 appropriation for technical assistance grants.

The NCUA's Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by providing loans and technical assistance grants (TAGs) to qualifying institutions. The programs are designed to increase income, ownership, and employment opportunities for low-income residents, and to stimulate economic growth. In addition, the programs provide assistance to improve the quality of services to the community and formulate more effective and efficient operations of credit unions.

Credit union's wishing to participate in the CDRLF's programs must be designated as a "low-income" credit union as set forth in NCUA's Rules and Regulations 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority and concurrence from NCUA.

NCUA is pleased to announce this year's technical assistance grant initiatives:

- Student Internship Initiative;
- Volunteer Income Tax Assistance (VITA) Initiative;
- Staff, Official, and Board Member Training Initiative;
- Outreach and Partnering Initiative; and,
- Building Internal Capacity Initiative.

In addition NCUA has set aside limited funds for the Urgent Needs Grant, to be used by eligible credit unions in cases of extreme necessity.

NCUA's technical assistance grants are reimbursable grants. In order to be reimbursed, credit unions applying for grants must receive approval of the proposed expenditures before making the expenditures.

The guidelines for the 2006 TAG policies are attached for your review. The guidelines address factors such as grant amounts, grant allocations by type, and application procedures. Guidelines for all CDRLF programs can be found on the NCUA website under the Programs heading on the Credit Union Development page at www.ncua.gov/CreditUnionDevelopment/Index.htm.

NCUA would like to remind qualified credit unions that loans are also available from the CDRLF. Eligible credit unions may borrow up to \$300,000 for five years at an interest rate of 1 percent. The interest earned on loans is used to fund a portion of the annual technical assistance grant program.

All low-income designated credit unions should consider the advantages of the CDRLF programs. If your credit union is not currently low-income designated, we encourage you to review the criteria to explore if the designation may be utilized for your credit union.

Your local NCUA Regional Office and the Office of Small Credit Union Initiatives can provide additional information regarding the Community Development Revolving Loan Fund programs and how credit unions may qualify for a low-income designation and participate in these special programs. Additional information on Serving the Underserved can be found on NCUA's website at www.ncua.gov under the Credit Union Development heading.

This letter supersedes NCUA letter 05-CU-05, Community Development Revolving Loan Fund—Technical Assistance Grant Program, March 2005.

Sincerely,

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JoAnn Johnson
Chairman

Enclosure