

NCUA LETTER TO CREDIT UNIONS

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

DATE: December 2005 **LETTER NO.: 05-CU-19**

TO: Federally Insured Credit Unions

**SUBJ: Community Development Financial Institutions
Financial Assistance**

Dear Board of Directors:

The United States Department of Treasury's Community Development Financial Institutions (CDFI) Fund invests in and supports community-based organizations that provide financing and related services to communities and populations lacking access to credit, capital and financial services.

On December 5, 2005 the CDFI Fund posted on its website (www.cdfifund.gov) the Notices of Funds Availability (NOFAs) for the fiscal year 2006 funding rounds of two of its community development finance programs. The CDFI Fund expects that approximately \$25 million will be available for awards through the CDFI program and approximately \$3.5 million available for awards through the Native American CDFI Assistance (NACA) Program this round.

The types of Fund initiatives credit unions may consider applying for include:

1. **Certification/Recertification.** The fund certifies organizations as Community Development Financial Institutions (CDFI). An applicant seeking funds under the Financial Assistance Component Program that is not currently certified as a CDFI must first submit a CDFI certification application by 5:00 p.m. ET on January 13, 2006. To be certified as a CDFI, the institution must be a legal entity and meet all of the following requirements:
 - Has a primary mission of community development;
 - Serves an eligible target market (e.g. underserved area)
 - Is predominantly a financing entity;
 - Provides development services;
 - Is accountable to the target market; and
 - Is a nongovernmental entity.

2. **Financial Assistance (FA) Component Program.** This program provides funding for certified CDFIs to implement a comprehensive business plan of providing affordable and appropriate services to create community development impact in underserved areas. Capital awards are in the form of grants, loans, equity investments and/or

deposits. CDFI requires a \$1 to \$1 match, in the same form requested (e.g., grant for grant, \$1 retained earnings matched with assets, etc.) from non-federal sources. The program application deadline is 5:00 p.m. ET January 23, 2006.

3. Technical Assistance (TA) Component Program. This program allows CDFIs and entities seeking to become CDFIs to build their capacity by acquiring prescribed types of products or services including technology (usually efficiency enhancing technology such as computers and loan management software), staff training, consulting services to acquire needed skills or services (such as a market analysis or lending policies and procedures), or staff time to conduct discrete, capacity-building activities (such as website development). The program application deadline is 5:00 p.m. ET January 23, 2006.
4. Native American CDFI Assistance (NACA) Program. This program provides FA awards to support their financing activities and TA grants to build their capacity to serve their communities. Eligible applicants may also use TA grants through the NACA Program to create or become a Native CDFI. The NACA Program application deadline is 5:00 p.m. ET on February 14, 2006.

For the FY 2006 funding round of the CDFI Program, the Fund is required to accept applications only submitted through the Grants.gov electronic system. The Fund will post to its website at www.cdfifund.gov instructions for accessing and submitting an application through Grants.gov. The application instructions will be posted as soon as they are available and once the application materials are accessible through Grants.gov. The anticipated release date for the application instructions is January 6, 2006. **Applicants are encouraged to start the registration process now at www.Grants.gov as the process may take several weeks to fully complete.**

Those interested in learning more about the CDFI Fund's programs can do so either by viewing a live satellite broadcast of the Information Session on Wednesday, December 14th at 1:00 p.m. ET, or by attending one of five Information Sessions in select cities across the nation at which CDFI Fund staff will be present to conduct the session. The broadcast of the Information Session can be viewed at any of the over 80 U.S. Department of Housing and Urban Development's Field Offices across the nation. The Information Sessions being conducted in-person will be held in the following cities: Chicago, IL (12/13); Los Angeles, CA (12/16); Mobile, AL (12/12); New Orleans, LA (12/13); and New York, NY (12/19).

For more information, or to register, please visit the CDFI Fund's website at www.cdfifund.gov or call (202) 622-9046.

Sincerely,

JoAnn M. Johnson
Chairman

