

NCUA LETTER TO CREDIT UNIONS

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

DATE: March 2005 **LETTER NO.:** 05-CU-05
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:

As an important component of the National Credit Union Administration's (NCUA) Access Across America outreach initiative, we are pleased to announce the 2005 Community Development Revolving Loan Fund Technical Assistance Grant Program.

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. Low-interest loans/deposits are available to low-income designated credit unions, as they enhance financial capacity to extend affordable financial services to their members.

Congress appropriates funds to the CDRLF for loans and grants. The interest earned on loans is also a source of additional funds retained by the program for grant purposes. Such grants are provided to:

- Improve the quality of services to members;
- Formulate more effective and efficient operations of low-income credit union; and ultimately,
- Stimulate economic empowerment in the communities served by the credit unions.

To participate in the Program, a federally chartered credit union must be currently 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 (SSA) and concurrence from NCUA.

For 2005, Congress has appropriated \$1 million to the CDRLF. \$800,000 is designated for grants and \$200,000 is allocated for loans from the CDRLF. Below are five specific grant initiatives proposed for 2005:

- Urgent Needs Grant;
- Student Internship Initiative;
- Volunteer Income Tax Assistance (VITA) Initiative;
- Building Internal Capacity (Infrastructure) Initiative; and
- Enhancing Member Services (Outreach) Initiative.

As your credit unions further their outreach efforts for such initiatives as homeownership, financial education, and expanding service to underserved areas, I urge you to consider seeking a grant for worthwhile initiatives.

The guidelines for the 2005 TAG policies are attached for your review. The information addresses factors such as grant amounts, grant allocations by type, and application procedures.

All low-income designated credit unions should consider the advantages of the CDRLF program. 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. The CDRLF program is designed to enhance a low-income institution's financial capacity to extend greater financial services to its members and ultimately improve the health and stability of the credit union.

General Guidelines for Technical Assistance Grants can be found on the NCUA website under the Programs heading on the Credit Union Development page at www.ncua.gov/CreditUnionDevelopment/Index.htm.

Your local NCUA Regional Office and the Office of Small Credit Union Initiatives can provide additional information regarding the Community Development Revolving Loan Fund Program 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 supercedes NCUA letter 01-CU-14, Community Development Revolving Loan Fund—Technical Assistance Program, October 2001.

Sincerely,

/s/

JoAnn Johnson
Chairman

Enclosure