

**National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund  
General Guidelines  
2007 Technical Assistance Grants  
For Credit Unions**

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# **General Guidelines for 2007 Technical Assistance Grants**

## **1. What is the Community Development Revolving Loan Fund?**

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress (Public Law 96-124, November 20, 1979 and Public Law 99-604, November 6, 1986) to support credit unions serving low-income communities by making loans and technical assistance grants (TAGs) available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

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

## **2. What is a Technical Assistance Grant?**

A technical assistance grant (TAG) is a monetary award provided to assist qualified low-income credit union applicants.

## **3. How much money is available?**

For fiscal years 2007 through 2008, Congress appropriated \$940,500 to the CDRLF for the purpose of making grants. These monies are divided among the Initiatives described in subsequent pages of these guidelines.

## **4. How does the NCUA's grant process work?**

- First, credit unions must apply for a grant before making any expenditure.
- After receiving a grant approval letter, the credit union may purchase the goods or spend the funds, up to the amount approved.
- After making the expenditure, the credit union must then submit copies of receipts and proof of payment to NCUA for reimbursement.
- NCUA will review the receipts and issue a check to reimburse approved expenditures.
- All requests for reimbursement must be received before the end of the commitment period listed in the grant award letter.
- OSCUI will not process incomplete applications. Credit unions may resubmit a grant application, provided the submission deadline has not passed.

## 5. What is the objective of Technical Assistance Grants?

The objective, or desired outcome, of technical assistance grants is to:

- Improve the quality of financial services to members;
- Make the operations of low-income credit unions more efficient; and, ultimately
- Stimulate economic activities in the communities served by the credit unions.

## 6. How is the objective measured?

The success of the CDRLF's grant program is measured, in part, by the improvement in the financial condition of the credit unions participating in the program. In the context of the technical assistance grant program, the ability of the credit union to serve the community is measured by growth in its loans, shares, assets, net worth, and membership.

NCUA uses the growth rates for all federally insured credit unions for the five ratios listed above as one of the measures of success of the CDRLF. The table below depicts average growth rates for all federally insured credit unions. Credit unions requesting grant funds should strive to meet these minimum growth rates.

	<i>Percent</i>
Annual growth in loans	<b>10.61%</b>
Annual growth in shares	<b>3.84%</b>
Annual growth in assets	<b>4.90%</b>
Annual growth in net worth	<b>7.57%</b>
Annual membership growth	<b>1.10%</b>

By applying for technical assistance grant funds, the credit union is committing to working toward the purpose and measurement objectives of the CDRLF.

## 7. Who is eligible?

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, Section 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.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive grant or loan funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711.

Grant applications from credit unions which do not meet statutory or regulatory eligibility requirements will not be processed.

## 8. What grant initiatives for credit unions are there?

There are five specific grant initiatives, entitled as follows:

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

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

## 9. List of Initiatives

A brief description of each grant type follows. Detailed descriptions are found in the specific grant applications.

### **Building Internal Capacity Initiative**

This initiative is designed to provide funds for projects which improve the overall operations or financial condition of the credit union, and ultimately enable the credit union to better deliver services to its members.

Grants awarded under this initiative might include, but are not limited to, the following:

- Enhancing or improving technologies;
- Developing strategic, business, and succession plans;
- Preparing emergency and business resumption strategies;
- Enhancing facilities directly related to improving member access;
- Applying for grant funds;
- Offsetting the costs of a Volunteer In Service To America (VISTA);
- Creating office efficiencies; and,
- Addressing items of supervisory concern, such as those items listed in the report of examination.

### **Enhancing Member Services Initiative**

This initiative is designed to provide funds for projects which provide new or better services to existing members and those projects which will extend services to potential members and the community.

Grants awarded under this initiative might include, but are not limited to, the following types of projects:

- Providing financial education;
- Providing homeownership opportunities;
- Developing marketing and outreach programs;
- Adding share draft, debit and credit card services;
- Creating or enhancing an Individual Development Account Program; and
- Establishing an International Remittance Network.

NCUA believes that credit unions which establish partnering agreements with other entities may be able to implement far-reaching projects and take advantage of the partnering entity's strengths. Credit unions may elect to establish a partner relationship with another credit union, a local, state, or federal government entity, or a non-governmental community service or related entity. A partner organization is not a requirement for this initiative.

Those grant applications which are project-oriented and those grant applications which involve partners will receive priority consideration.

### **Staff, Official, and Board Member Training Initiative**

This initiative is designed to provide funds for training staff, officers, and board members of credit unions. Courses, seminars, workshops, and training should provide credit union representatives with knowledge and skills to help improve the operations or financial condition of the credit union, and ultimately enable the credit union to better serve its members.

### **Student Internship Initiative**

The purpose of this initiative is to provide low-income credit unions an opportunity to introduce college students to credit unions and credit union operations, in order to potentially recruit and develop the next generation of credit union managers. Grant funds enable the credit union to offset some of the expenses, such as travel for a student intern.

### **Volunteer Income Tax Assistance (VITA) Initiative**

The purpose of this initiative is to provide financial assistance to credit unions wishing to help existing and potential members prepare their tax returns, especially those eligible for the Earned Income Tax Credit. Grant funds enable the credit union to offset administrative and operational costs associated with providing free income tax preparation services.

### **Urgent Needs Grant**

The urgent needs grant is provided to ensure the continued growth and viability of a credit union with an immediate and pressing need for improving its financial condition or operations.

Urgent needs are those items or incidents resulting in unplanned or unexpected costs to the credit union. The project described in this grant typically would not fit under another grant initiative.

Examples of urgent needs might include, but are not limited to, activities such as repairing damage not covered by insurance. The primary purpose of a request for an urgent needs grant must remain consistent with the overall purpose and intent of the CDRLF program.

Credit unions unable to fund the project without an adverse impact on the credit union's financial condition will receive priority consideration.

## 10. When will credit unions know grant funds are available?

OSCUI will notify credit unions of available grant monies by means of additional Letters to Credit Unions and through postings on the NCUA website at [www.ncua.gov](http://www.ncua.gov).

The table below summarizes the available grants and the respective application periods for 2007.

## 11. Initiative Summary Table

<i>Grant Initiative</i>	<i>Application Acceptance Dates</i>		<i>Maximum Grant Award</i>	<i>Grant Approval Procedure</i>
	<b>OPEN</b>	<b>CLOSE</b>		
<b><i>Building Internal Capacity</i></b>	05/04/2007	07/06/2007	\$7,000	Grants evaluated at end of open period. Awards announced 09/07/2007.
<b><i>Enhancing Member Services</i></b>	03/16/2007	05/11/2007	\$15,000	Grants evaluated at end of open period. Awards announced 07/06/2007.
<b><i>Staff, Official, and Board Member Training</i></b>	Open	12/31/2007	\$3,000	Rolling. Applications evaluated as received.
<b><i>Student Internship</i></b>	Open	12/31/2007	\$3,000	Rolling. Applications evaluated as received.
<b><i>Volunteer Income Tax Assistance</i></b>	05/04/2007	11/30/2007	\$6,500	Rolling. Applications evaluated as received.
<b><i>Urgent Needs Grant</i></b>	Open		\$3,000	Rolling. Applications evaluated as received.

To read the above table:

Grant Initiative means the type of grant or indicates the purpose of the grant monies.

Application Acceptance Period means the first and last day applications will be accepted for each grant category. Grants with no application closing date will be awarded until allocated funds are exhausted.

Maximum Grant Award means the expected maximum dollar amount awarded to any individual credit union for any grant category.

Grant Approval Procedure means the time frame within which each type of grant will be evaluated and approved. Grants evaluated on a rolling basis will be based on the merit of the application and awarded until total available funds are exhausted. For those grants

with closing dates, all applications will be evaluated at the end of the open period and awarded based on the merit of the application.

## 12. How are grant applications evaluated?

Subject to funds availability, grants are awarded after careful consideration of the merits of an application. Grant applications will be evaluated based on the financial and non-financial factors listed below.

Financial factors\* include, but are not necessarily limited to, the following:

NCUA CAMEL Rating  
Net Worth Ratio  
Delinquency Ratio  
Return on Assets Ratio.

Financial factors are used to determine the overall financial condition of the credit union and its ability to carry out the project as described in the grant application.

Non-Financial factors include the following:

Assessment of Management is a determination of whether credit union management has been responsive to examiners and whether management has the ability to carry out the project described in the grant application.

Purpose is a determination of whether the outcome of the project, as described in the grant application, is consistent with the purpose of the CDRLF as described in Section 705.2 of the NCUA's Rules and Regulations. The purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) stimulating economic activities in the communities they serve which will result in increased income, ownership and employment opportunities for low-income residents, and other community growth efforts.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications which indicate grant funds will have an impact on credit union members and the community as whole receive priority consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF grant funding. Section 705.2(b) of NCUA's Rules and Regulations states that the purpose of the CDRLF is to gain maximum economic impact on as many participating credit unions as possible. Therefore, credit unions which have NOT received funding in the past will receive priority consideration.

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\* CAMEL ratings are explained in NCUA Letter to Credit Unions No. 161, dated December 1994. Financial ratios are explained in the Users' Guide for NCUA's Financial Performance Report. Both documents are available on the NCUA website at <http://www.ncua.gov>.

Ability to Self-Fund is an assessment of the credit union's net worth, cash, and liquidity to determine whether the credit union has the ability to fund the project on its own. Priority consideration is given to those credit unions which cannot completely fund the project as described in the grant application.

For those TAG requests submitted as an Urgent Needs Grant, the OSCUI will determine the appropriateness of the request, basing its decision primarily on whether the request meets the criteria of an urgent needs grant, on financial and non-financial factors, as listed above.

Urgency is defined as a circumstance where a credit union has a compelling need for immediate action or attention and where receipt of a grant is expected to mitigate the urgency. For a grant application to meet the criteria of an Urgent Needs Grant, the credit union must definitively show, in its application, that the item or incident resulted in an unplanned, unexpected cost to the credit union and failing to implement the project described would have an adverse affect on the credit union's operations or financial condition.

### 13. Where can credit unions obtain grant applications?

Grant application forms and instructions are available on the NCUA website. Grant applications are also available in paper copy for those credit unions without access to the internet.

### 14. What information needs to be submitted with the grant application?

Each application form contains a description of the information the credit union must submit. The application contains several questions regarding the proposed use of the grant funds, which the credit union should answer on separate sheets.

Note, however, OSCUI will not process incomplete applications. OSCUI will notify credit unions by fax or email of the items missing from the grant application. Credit unions may resubmit their completed grant application, provided the submission deadline has not passed.

### 15. Where do credit unions send completed applications?

Credit unions should submit their applications electronically, either by fax or by email.

Fax: (703) 519-4088

Email: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Applications must be received by OSCUI by 5 p.m. Eastern Time on or before the acceptance period closing date. Applications received after the closing date will not be processed.



Credit unions unable to submit their grant application electronically should contact the Office of Small Credit Union Initiatives at the address listed below.

## 16. Is there anything that would cause an application to be immediately denied?

Yes.

(a) Grants from the CDRLF are reimbursable grants. Credit unions applying for TAGs must obtain approval of the proposed expenditures before making those expenditures. Therefore, the OSCUI will not fund any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.

(b) TAG funds are not provided for recurring operational expenses such as salaries, rent, maintenance agreements, annual audits, funding for the allowance for loan losses, or office supplies.

Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid.

Expenses for contractors may be reimbursable under certain grant initiatives. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

(c) Credit unions may not use TAG funds to provide funds to members, such as funding the matching portion of an IDA program or providing gift cards to members.

(d) TAG funds may not be used to reimburse NCUA for any activity.

## 17. What is the credit union's reporting requirement after receiving a grant?

Credit unions receiving awards must provide a summary of the impact of the grant funding to OSCUI as stated on the grant application form. The time frame for submitting the summary is listed in the grant application guidelines. The submission deadline allows reasonable time for the credit union to ascertain the benefits of the grant.

The summary should discuss the overall project and how the funding enabled the credit union to accomplish its objective. Credit unions must specify the impact the grant funds have had on the credit union's delivery of service and the consequences upon the community the credit union serves.

Failure to submit this evaluation will have an impact on the credit union's ability to receive grants in the future.

## 18. How can an applicant contact OSCUI with questions?

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1775 Duke Street  
Alexandria, Virginia 22314  
Office: (703) 518-6610  
Facsimile: (703) 519-4088  
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