

# NCUA LETTER TO CREDIT UNIONS

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

**DATE:** April 2011 **LETTER No.:** 11-CU-04

**TO:** Federally Insured Credit Unions

**SUBJ:** Financial Education and Financial Literacy Initiative

**ENCL:** General Guidelines Financial Education and Financial Literacy Initiative

### Dear Board of Directors:

The National Credit Union Administration (NCUA) is pleased to announce the availability of the Financial Education and Financial Literacy Initiative. This is a new technical assistance grant (TAG) initiative under the Community Development Revolving Loan Fund (CDRLF). Through this initiative, NCUA will make \$200,000 in grants available to low-income credit unions.

The goal of the Financial Education and Financial Literacy Initiative is to improve financial literacy among the general population, particularly students. Through the grants, we seek to encourage credit unions to collaborate with schools, community organizations, and other financial institutions to broaden the delivery of financial literacy and financial education training.

An eligible credit union may receive up to \$5,000 under the Financial Education and Financial Literacy Initiative. A copy of the grant guidelines is enclosed. The guidance and application are also available on NCUA's website at <http://www.ncua.gov/Resources/CreditUnionDevelopment/index.aspx>, under the heading, "Financial Assistance/Grants and Loans." Applications will be accepted from April 18 through May 20, 2011.

Examples of projects that would potentially be funded under the initiative include:

- Partnerships with schools, teacher associations, and parent groups to educate children and youth in schools.
- Partnerships with credit counseling organizations to offer training to help members improve their credit scores and access to credit.
- Addition or enhancement of online financial education modules.

- Partnerships with city and state housing agencies to provide first-time homebuyer counseling and foreclosure prevention counseling.
- Development or work with a coalition of asset development organizations to offer ongoing financial literacy and education events.

NCUA's CDRLF was established by Congress to support credit unions that serve low-income communities by providing loans and TAGs to qualifying institutions. These programs benefit credit unions as well as the communities they serve. NCUA will announce the availability of additional TAG initiatives for 2011 when Congressional approval for funding for these programs is received.

CDRLF programs provide credit unions with resources to improve the quality of services to their communities and facilitate more effective and efficient operations. In their communities, credit union services help stimulate economic growth and increase income, ownership, and employment opportunities for low-income residents.

Federal credit unions wishing to participate in the CDRLF's programs must be officially designated as "low-income" as set forth in NCUA's Rules and Regulations Section 701.34. This means more than half of the members must meet NCUA's definition of a "low-income member." For more information on obtaining a low-income designation, visit the following link:

<http://www.ncua.gov/Resources/CreditUnionDevelopment/Underserved.aspx>.

State-chartered credit unions must have the equivalent low-income designation from the respective state supervisory authority and concurrence from NCUA.

I strongly encourage all low-income credit unions to apply for grants. If your credit union is not currently low-income designated, I invite you to review the criteria to explore whether the designation may be appropriate. Your NCUA Regional Office and the Office of Small Credit Union Initiatives can also provide additional information regarding the CDRLF programs and how credit unions may qualify for a low-income designation to participate in these special initiatives.

Sincerely,

/s/

Debbie Matz  
Chairman

Enclosure