



NCUA
National Credit Union Administration

Office of Examination & Insurance
Office of Credit Union Resources & Expansion
Office of General Counsel

Consolidated Appropriations Act, 2021 Emergency Capital Investment Program (ECIP)

NCUA Board Meeting
February 18, 2021

Emergency Capital Investment Program

Established by the Consolidated Appropriations Act, 2021, the Emergency Capital Investment Program (ECIP) was created to encourage low- and moderate-income community financial institutions to augment their efforts to support small businesses and consumers in their communities.

ECIP Program Eligibility

Eligible Financial Institutions

Low- and moderate-income community financial institutions means any financial institution that is:

- 1 ✓ a Community Development Financial Institution - “CDFI”; or
✓ an Minority Depository Institution - “MDI”; and
- 2 • a Federally Insured Credit Union; and
- 3 ➤ Not designated in *Troubled Condition* (the meaning given to such term under 12 C.F.R. 700.2 for credit unions)
➤ Not subject to formal enforcement action addressing unsafe or unsound lending practices

Program Appropriations and Restrictions (1)

Total Treasury Program Appropriation is \$9 billion.

Each Eligible credit union may only issue subordinated debt to Treasury with an aggregate principal amount (or comparable amount) that is

- General limit per issuer: \$250,000,000
- Additional limit for issuers with total assets* of an amount:
 - > \$2BN: 7.5% of total assets
 - ≤\$2BN and ≥\$500MM: 15% of total assets
 - < \$500MM: 22.5% of total assets

*Total assets means the total assets as reported on the NCUA Call Report Form 5300 Call Report.

Program Appropriations and Restrictions (2)

Set-Asides:

Across Program investments, Treasury may make not less than:

- \$4,000,000,000 available for Eligible Institutions with total assets of not more than \$2,000,000,000 that timely apply to receive a capital investment under the Program,
- of which not less than \$2,000,000,000 may be made available for Eligible Institutions with total assets of less than \$500,000,000 that timely apply to receive a capital investment under the Program.

ECIP Application Information

- An eligible applicant must complete the Emergency Capital Investment Program Application Form.
- A draft form can be located at: U.S. Department Of The Treasury <https://home.treasury.gov/policy-issues/cares/emergency-capital-investment-program>
- Treasury will consult and share certain application materials with the NCUA to determine whether the Applicant may receive a capital investment under the Program.

Emergency Investment Lending Plan Requirements (1)

Question #1

- Express in the number of loans and the total value of loans, that not less than 30 percent of the lending of the Applicant over the past 2 fiscal years was made directly to LMI borrowers, to borrowers that create direct benefits for LMI populations, to other targeted populations as defined by the CDFI Fund, or any combination thereof, as measured by the total number and dollar amount of loans;
 - *Provide the information for up to the five largest of such borrowers served by the Applicant.*

Emergency Investment Lending Plan Requirements (2)

Question 2:

- Describe how the business strategy and operating goals of the Applicant will address the community development needs in communities that may be disproportionately impacted by the economic effects of COVID-19, which includes the needs of small businesses, consumers, nonprofit organizations, community development, and other projects providing direct benefits to LMI communities, Low-Income individuals, and Minorities within the Minority, Rural, and Urban Low-Income and Underserved Areas served by the Applicant.
 - *Provide measurable factors for how the community has been impacted by COVID-19, such as increases in unemployment, the number of businesses closed due to the pandemic, or mortgage delinquencies.*
 - *The response to this question should also include up to five examples of particular business activities that the Applicant will perform in FY 2021 to address community development needs in communities that may be disproportionately impacted by the economic effects of COVID-19.*

Emergency Investment Lending Plan Requirements (3)

Question #3

- Include details on how the Applicant plans to expand or maintain significant lending or investment activity in LMI Minority communities, especially those that may be disproportionately impacted by COVID-19, to historically disadvantaged borrowers, and to Minorities that have significant unmet capital or financial services needs;
 - *Provide the additional aggregate dollar amount of loans, grants, and forbearance that the Applicant, as a direct result of issuing the full amount of financial instruments or senior preferred stock to the Treasury Department that it is seeking to issue under the Program,*
 - *Provide the aggregate dollar volume of the Applicant's FY 2020 and projected FYs 2021-23 levels of lending and investment activity,*
 - *Provide the aggregate dollar volume of the Applicant's FY 2020 and projected FYs 2021-23 levels of **LMI** lending and investment activity*

Emergency Investment Lending Plan Requirements (4)

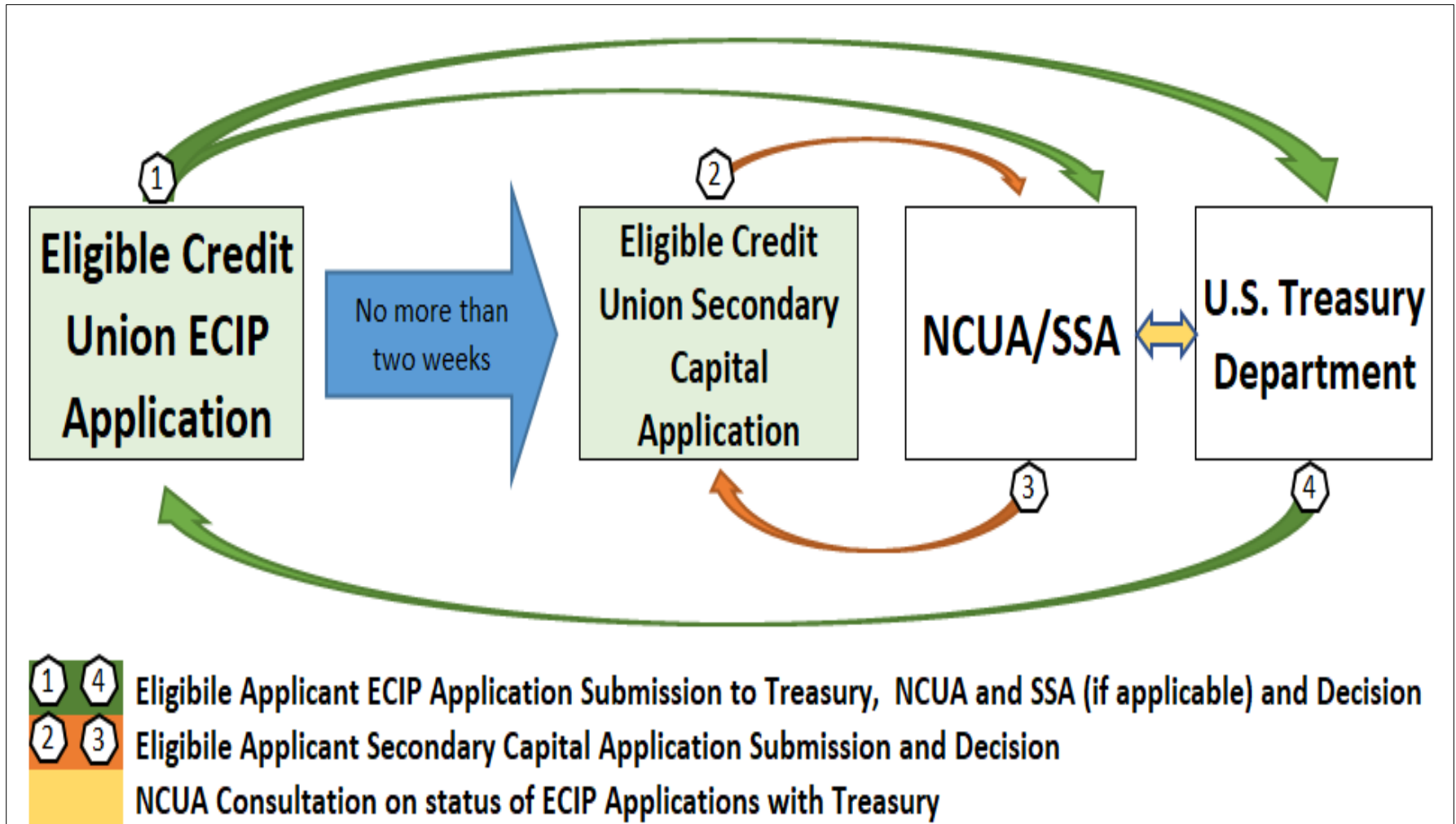
Question 4:

- Provide a detailed plan describing how the Applicant will provide community outreach and communication, where appropriate.
 - *The Applicant's plan for community outreach and communication may be provided or described through a community benefits agreement between the Applicant and organizations, trade associations, and individuals that represent or work within minority or LMI communities.*
 - *The response should include quantitative details on how particular aspects and features of the Applicant's planned community outreach and communication approach (e.g., advertisements to be purchased, sales personnel hired) may help the Applicant achieve the group-specific projected FY 2021-2023 lending and/or investment activity amounts set forth in response to Question 3(c).*

Secondary Capital Application

- An eligible credit union that is applying for ECIP funds in the form of Subordinated Debt and also has a designation of low income status (LICU), may submit a Secondary Capital plan as per NCUA Part §701.34 to recognize the ECIP investment amount as Net Worth.
- The submission of the Secondary Capital Plan application is separate from the ECIP application requirements.
- The application and approval processes for Secondary Capital will utilize the current NCUA/SSA processes for assessment and approval/concurrence.
- The NCUA issued a letter to credit unions in September 2019 including a supervisory letter to field staff regarding the authority of low-income-designated credit unions (LICUs) to offer secondary capital accounts. The supervisory letter updates the framework the NCUA uses to analyze and approve or deny secondary capital plans.

Proposed Application Review Process



Contact Information for Questions

Treasury

For questions about ECIP and to be informed about program updates, please see ECIPInquiries@treasury.gov.

NCUA

For questions about Secondary Capital and the relationship to the ECIP Program, please contact your Regional Supervision Office