

**NCUA**  
**COMMUNITY DEVELOPMENT REVOLVING LOAN FUND**  
**LOAN INTEREST RATE POLICY**  
**QUESTIONS AND ANSWERS**

↪ Why did NCUA implement the Loan Interest Rate Policy?

Developing the policy was a goal of NCUA for some time and is the first, formal interest rate policy adopted by NCUA with respect to the pricing of loans under the Community Development Revolving Loan Fund (CDRLF). The interest rate policy will facilitate transparency for credit unions; thereby, making it easier for credit unions to determine the interest rate.

↪ How will the new Interest Rate Policy affect the credit union's existing CDRLF loan?

The new Interest Rate Schedule will not affect the credit union's outstanding CDRLF loan. The new Schedule applies to loans made as of January 1, 2008.

↪ How will I know the current interest rate or annual percentage rate (APR) on CDRLF loans?

NCUA will publish the current interest rate or APR in the Credit Union Development ("Loans/Grants") section of NCUA's website:

<http://www.ncua.gov/CreditUnionDevelopment/Programs/FinanceGrants.htm>. Credit unions may also contact the Office of Small Credit Union Initiatives (OSCUI) for updates at: [oscui@mail@ncua.gov](mailto:oscui@mail@ncua.gov).

↪ How will the APR on the credit union's loan be determined?

The OSCUI Director will set the CDRLF loan rate in accordance with the interest rate schedule contained in the policy. Generally, this means that the Intended Federal Funds Rate (IFFR) in effect as of the date of the loan application determines the interest rate assigned.

*For example: On March 11th, ABC Federal Credit Union submits an application for a CDRLF loan. The application is received in the Office of Small Credit Union Initiatives on March 16th. On March 16th the Intended Federal Funds Rate (IFFR) published by the Federal Reserve Board is 5.00%. NCUA approves the loan on April 20th. The IFFR on April 20th is 5.25%. An APR of 1.00% will be assigned to the loan based on the March 16th date of receipt.*

↪ Will other loan terms change when the new policy takes effect?

The new Loan Interest Rate Policy will not affect the other terms of the credit union's loan. That is, the semiannual payment frequency, five-year maximum maturity, and minimum and maximum interest rates will remain unchanged by the new policy and will remain as written in the NCUA regulation.