



THE OFFICE OF
**SMALL CREDIT UNION
INITIATIVES**

Committed to small credit union success.

Office of Small Credit Union Initiatives

2013 Collaboration Grant Initiative Guidelines

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“Credit Union’s Won’t Succeed Without Collaboration”

Bob Hoel of Filene Institute

This document provides guidelines and application requirements for the National Credit Union Administration 2013 Collaboration Grant Initiative for low-income designated credit unions.

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National Credit Union Association
The Office of Small Credit Union Initiatives

1775 Duke Street, Alexandria VA 22314
www.ncua.gov | OSCUIMail@ncua.gov



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1 GENERAL OSCUI GRANT INFORMATION FOR OSCUI GRANT PROGRAM

The Office of Small Credit Union Initiatives (OSCUI) Grant Program was established by Congress to provide funds to low-income designated credit unions to help provide financial services to their members and improve credit union operations. The program consists of Congressional appropriations that are administered by OSCUI.

1.1 Eligibility Requirements

To qualify for OSCUI Grant Program, a federally chartered credit union must have a current “low-income” designation as set forth in NCUA’s Rules and Regulations, Section 701.34.

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

For information on how to obtain the low-income designation visit the following area of the NCUA website:

<http://www.mycreditunion.gov/about-credit-unions/Pages/Low-Income-Credit-Unions.aspx>

2 2013 COLLABORATION INITIATIVE INFORMATION

This initiative will provide grant funding for an innovative, scalable, replicable and cost-saving collaboration. Low-Income Designated Credit Unions with a project that provides long-term expense reduction through collaboration are encouraged to apply.

A single Low-Income Designated Credit Union must be applicant and Lead Collaboration Manager. The collaboration can be between a Low-Income Designated Credit Union and any other type of entities including leagues, other Low-Income Designated Credit Unions, CUSOs, and/or vendors. At least two credit unions must participate.

- A credit union may only submit one application under this initiative.
- A credit union or entity may be a partner on more than one application.
- A credit union may be the lead applicant on one application and a partner on other applications.

Only one successful applicant will receive an award under this initiative.

2.1 Maximum Amount

The maximum allowable amount is \$50,000.

The maximum amount credit unions can apply for funding is up to \$50,000 for this initiative. The actual project cost may be higher. This is in addition to the funding available under other initiatives of the OSCUI Grant and Loan Program.

2.2 Application Period

OSCUI will accept applications for this initiative from February 15, 2013 to March 15, 2013 (5:00PM EST).

The successful credit union applicant will be announced by April 12, 2013.

OSCUI will only accept applications, reimbursement requests, and supporting documentation submitted online. To access the online application go to: www.cybergrants.com/ncua/applications

Applicants must apply for this initiative in a separate application than other initiatives offered.

The credit union awarded funds under this initiative may only submit one reimbursement request under this initiative.



2.3 Examples of Collaboration Grant Projects

The following is a list of potential collaboration ideas. The examples below are not as exciting as those OSCUI expects to receive, but perhaps they will provide a basis for brainstorming:

- **Disaster Recovery:** Since Hurricane Katrina, NCUA has placed additional emphasis on disaster preparedness. For small credit unions it is often difficult and expensive to obtain or reserve a secondary location that is suitable to fit the credit union's needs in case of disaster. A partnership among credit unions can provide multiple locations (each credit union office/branch) that are suitable. This type of partnership may require upgrading or converting data processing systems or the purchase of mobile branch technology.
- **Information Technology:** As consumers' demand for transaction websites, mobile banking, and other technologies increases so must innovative thinking in small credit unions. Providing such services can be very costly, but a partnership of credit unions may be able to create more economical solutions to deliver these services.
- **Back Office Operations:** Areas that credit unions may be able to achieve significant benefits through collaboration include accounting systems, human resources, loss prevention/asset recovery, phone centers, and other back office operations.

2.4 Evaluation of Application Priority Factors

Applications will be evaluated on the following characteristics:

- **Substantial Reduction of Expenses** for core credit union activity through collaboration
- **Scalable** collaborations that continue to grow
- **Innovative** collaborations that break new ground
- **Replicable** ideas or projects that can be adopted by other credit unions
- **Likelihood of Success based on**
 - NCUA CAMEL Ratings & Ratios of Involved credit unions
 - Financial Viability of Partners
 - Amount of Total Project Cost Funded by Non-NCUA Funds
 - Successful Implementation of prior projects

2.5 Application Questions and Documentation

Credit unions will be prompted to answer questions similar to the following in the online application:

1. Enter the total requested grant amount for the project:
2. Enter the total projected cost of the project (including cost to be incurred by all partners and NCUA requested funds):
3. Describe the collaboration project. <2000 character maximum (including spaces)>
4. Describe the impact/benefit the project will have on the community? How will this community impact/benefit be tracked and measured? <2000 character maximum (including spaces)>
5. Select the characteristic(s) that are applicable to the project:

- Substantial Reduction of Expenses** for core credit union activity through collaboration

If checked, please provide a brief explanation of how this characteristic applies to the project <2000 character maximum (including spaces)>:

If checked, upload the required cost-benefit analysis <upload field>

- Scalable** collaboration idea that can be adopted by other credit unions



If checked, please provide a brief explanation of how this characteristic applies to the project <2000 character maximum (including spaces)>:

Innovative collaborations that break new ground

If checked, please provide a brief explanation of how this characteristic applies to the project <2000 character maximum (including spaces)>:

6. Provide a list of partners involved in the project (this must be consistent with the Memorandum of Understanding provided) <2000 character maximum (including spaces)>
7. Provide a list of vendors involved in the project (this must be consistent with the Memorandum of Understanding provided) <2000 character maximum (including spaces)>
8. Upload the Memorandum of Understanding for the project <upload field>
9. When will the substantial benefit/results of the project be recognized? (The commitment expiration date for reimbursement will be based on this date.) <Date Entry Field>
10. Include any additional information as needed (optional) <2000 character maximum (including spaces)>:
11. Upload any additional documents as needed (optional) <upload field>

The following documentation will be required in the application:

- **Memorandum of Understanding:**

The Memorandum of Understanding must include the following:

- Details of terms of the partnership and vendor agreement(s) including roles and responsibilities (who will do what and when) of each party involved (including every partner and vendor)
- A list of total projected expenses to be incurred (including assumptions made). This list must indicate which vendor or partner will provide the product/service associated with the expense and indicate which partner will pay for the expense and when
- Signatures of authorized individual(s) for each partner and vendor involved in the project
- Course of allowable action(s) for each involved party if the grant is approved or denied by NCUA.

- **Cost/Benefit Analysis:**

The application must include a projection of the costs and benefits associated with implementing the collaboration effort. This must include assumptions made.

2.6 Reimbursement Questions and Documentation

Credit unions will be required to answer questions similar to the following in the online reimbursement:

1. Enter the total requested reimbursement amount for the project:
2. Enter the total cost of the project (including cost incurred by all partners and NCUA requested funds):
3. Briefly describe the collaboration project. Note and provide an explanation for any deviations from the project described in the approved application <2000 character maximum (including spaces)>
4. Describe the impact/benefit the project has on the community? (This must be based on the measure noted in the approved application) <2000 character maximum (including spaces)>
5. Select the characteristic(s) that were applicable to the project:

Substantial Reduction of Expenses for core credit union activity through



collaboration

If checked, please provide a brief explanation of how the project had this characteristic <2000 character maximum (including spaces)>:

If checked, upload an updated cost-benefit analysis if it has deviated significantly from what was submitted in the approved application <upload field>

- Scalable** collaboration idea that can be adopted by other credit unions

If checked, please provide a brief explanation of how the project had this characteristic <2000 character maximum (including spaces)>:

- Innovative** collaborations that break new ground

If checked, please provide a brief explanation of how the project had this characteristic <2000 character maximum (including spaces)>:

6. Note and provide an explanation of any deviations from the Memorandum of Understanding from the approved application <2000 character maximum (including spaces) >:
7. Upload the Certification of Project Completion Document for the project <upload field>
8. Include any additional information as needed (optional) <2000 character maximum (including spaces) >:
9. Upload any additional documents as needed (optional) <upload field>

The following documentation will be required in the reimbursement:

- **Certification of Project Completion:**

To receive reimbursement from NCUA, the applicant Low-Income Designated Credit Union must submit a Certification of Project Completion Document that includes the following:

- A list of the outcome of the project including roles and responsibilities completed by each party (including partner and vendor) of the project
- A list of expenses incurred and paid. This list must indicate which vendor or partner provided the product/service associated with the expense and indicate which partner paid for the expense.
(Only expenses paid for by the applicant Low-Income Designated Credit Union are eligible for reimbursement under the grant. The applicant Low-Income Designated Credit Union must receive application approval and a commitment number before incurring any expenses) Non-applicant partners may pay for expenses up front (after the application approval) and receive payment from the applicant Low-Income Designated Credit Union prior to the applicant Low-Income Designated Credit Union applying for reimbursement from NCUA.
- Signatures of authorized individual(s) for each entity involved in the project

- **Proof of Project Success**

Applicants must provide documentation that illustrates completion of the project. Success of the project will be determined by whether the project fulfills the Priority Factor(s) noted in the application.

3 THE GRANT PROCESS

Grant Process Step 1 – Credit Unions Apply:

The lead applicant credit union must submit a grant application using the online application. To access the online application go to: www.cybergrants.com/ncua/applications

- The applicant credit union must receive application approval and a commitment number before incurring any expenses.



- The lead applicant credit union must include the following information in the application:
 - ACH Information for Direct Deposit
 - Tax Identification Number
 - DUNS Number
 - Based on an Office of Management and Budget (OMB) policy directive, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive funding from the OSCUI Grant Program. A DUNS number can be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711, or by visiting the Dun and Bradstreet website at <http://fedgov.dnb.com/webform>.

Grant Process Step 2 – NCUA Review of Applications:

- The NCUA will review the submitted applications.
- Each application will receive an initial ranking based on the following scoring system:

There are four **Project Impact Characteristics** an application can receive points for:

- Replicable
- Scalable
- Innovative
- Substantial Reduction of Expenses

Evaluation Criteria & Points		
CRITERION	DESCRIPTION	POINTS
Project Impact	If application has any one project impact characteristic	10
	If application has any two project impact characteristics	20
	If application has any three project impact characteristics	30
	If application has any four project impact characteristics	43
CAMEL Management Component Rating	"1" or "2"	5
	"3"	3
	"4" or "5"	0
CAMEL Composite Rating	"1" or "2"	5
	"3"	3
	"4" or "5"	Applicant Ineligible for Award
ROAA Ratio	ROAA ratio is greater than 0.0%	5
	ROAA ratio is equal to or less than 0.0%	0
Net Worth Ratio	Net worth ratio is equal to or greater than 10%	7
	Net worth ratio is less than 10% but greater than 7%	3
	Net worth ratio is less than 7% but greater than 5%	1
	Net worth ratio is less than 5%	0



Operating Expense Ratio	Operating Expense ratio is equal to or greater than 7%	0
	Operating Expense ratio is less than 7% but greater than 5%	2
	Operating Expense ratio is less than 5% but greater than 3%	3
	Operating Expense ratio is less than 3%	5
		70

- An in depth review of the applications will take place by a panel of NCUA staff members from a variety of disciplines (i.e. Financial Analyst, Grant Administrator, Deputy Director).

Grant Process Step 3 – NCUA Approval/Denial Notification:

- The successful credit union will be announced and receive approval via email at the email address provided in the grant application.
 - For the approved application the email will include a **commitment expiration date** for submitting a request for reimbursement and a **commitment number** for reference purposes.
 - NCUA will not process incomplete applications. Incomplete applications must be resubmitted.
 - If NCUA has pending questions regarding a particular application the applicant credit union will be contacted via email at the email address provided in the grant application.
 - After the successful credit union is announced, applicant credit unions may obtain details and check the status of their grant application by logging into the grant system.

Grant Process Step 4 – Credit Unions Incur Expense:

- The successful credit union may then spend the funds to purchase the goods or services and to implement the approved project.
 - The credit union must receive application approval and a commitment number before incurring any expenses.
 - The credit union should notify the NCUA immediately if funds awarded will not be utilized as planned.

Grant Process Step 5 – Credit Unions Request Reimbursement:

- The successful applicant credit union must submit a reimbursement request online to receive payment/reimbursement for expenses incurred. To access the online reimbursement request application go to: www.cybergrants.com/ncua/applications
- This must be submitted by the **commitment expiration date**.
 - The applicant credit union must submit the reimbursement request for **ALL** expense items at one time.

Grant Process Step 6 –Reimbursement:

- NCUA will review the reimbursement requests and issue payment as direct deposit to reimburse approved expenditures. The credit union will be notified of this via email address provided in the application.
 - NCUA will not process incomplete reimbursement requests. Incomplete requests must be resubmitted, provided the **commitment expiration date** has not passed.



- If NCUA has pending questions regarding a particular reimbursement request the credit union will be contacted via email address provided in the application.
- After receiving approval/denial notification, the applicant credit union may obtain details and check the status of the grant reimbursement request by logging into the grant system.

4 COMMITMENT EXPIRATION DATE AND EXTENSION REQUEST

- **The applicant credit union must notify the NCUA immediately (by emailing OSCUIAPPS@ncua.gov) if funds awarded will not be utilized as planned.**
- In the event that the credit union needs to request an extension of an **commitment expiration date** for approved funds, the Grant Reimbursement Commitment Expiration Date Extension Request Form must be submitted prior to the original **commitment expiration date** of the award.
- NCUA will **not** consider extending the commitment expiration date for more than **three** months after the original commitment expiration date.
- If the reimbursement request is not submitted by the approved commitment expiration date and an extension is not approved, the commitment will be deobligated (closed out) and the funds will no longer be available.
- Extension requests are not considered approved unless the credit union receives notification of approval of the extension from the NCUA in writing. This approval documentation must be submitted with the reimbursement request paperwork.

Refer to Appendix A for the Grant Reimbursement Commitment Expiration Date Extension Request Form.

5 TREASURY GUIDANCE

Credit unions are expected to follow U.S. Treasury/Office of Management and Budget (OMB) Guidance and Circulars such as:

A-110: Uniform Administrative Requirements for Grant and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations

A-122: Cost Principles for Non-Profit Organizations

A-133: Management Responsibility for Internal Control

Refer to this link on the OMB Website for additional information: http://www.whitehouse.gov/omb/circulars_default

6 REPORTING/ACCOUNTING GUIDANCE FOR GRANTS

Credit unions should refer to NCUA Accounting Bulletin No. 07-2 for accounting guidance for grant awards from the OSCUI Grant Program. Credit unions are encouraged to consult with their auditor/CPA if there are further questions in this regard.

Click the following link to be directed to NCUA Accounting Bulletin No. 07-2 on the NCUA website:

<http://www.ncua.gov/Legal/GuidesEtc/AccountingBulletins/ACCTBUL07-02.pdf>

7 EXPENSE GUIDELINES

The following are general guidelines for expense categories that apply to this initiative (unless noted otherwise in Section 2 above):



Marketing:

The marketing materials must be directly related to the specific project. Marketing and advertising for the general promotion of the credit union will not be reimbursed.

Transportation/Mileage/Parking:

Transportation, mileage and parking will not be reimbursed.

Lodging

Lodging will not be reimbursed.

Annual maintenance fees and insurance costs

Annual maintenance fees will not be reimbursed.

Hardware, Software, Equipment Purchase and Installation:

Purchases of computers, set-up, and installation of hardware, software and equipment must be directly related to the project indicated in the grant application. Annual maintenance fees and insurance costs are not reimbursable.

Food/Refreshments:

Food and refreshments will not be reimbursed.

Custodial Services:

Custodial Services will not be reimbursed.

Postage:

Postage will not be reimbursed.

Printing/Copying:

Printing/copying must be directly related to the project approved in the grant application.

Salaries/Contractors:

Salaries to employees or payments to employees for services provided are not reimbursable. 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. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

Recurring Operational Expenses:

Recurring operational expenses of the credit union, such as rent, utilities, salaries, maintenance agreements, annual audits, depreciation, funding for the allowance for loan losses, or office supplies are not reimbursable. "Pro-rated" expenses of the credit union, such as a portion of telephone or utility costs, are not reimbursable.

Promotional Items:

Promotional items such as gifts, giveaways, souvenirs, or gift cards are not reimbursable.

Partnership/Third Party/Vendor Relationship and Expenses:

Credit unions are required to follow the due diligence over Third Party Service Providers as directed by NCUA Letter to Credit Unions 01-CU-20. Contractor fees that are not substantiated in writing in a partnership/contractor's agreement will not be reimbursed.

Reimbursements will be made to the applicant credit union only.

Pre-Grant Approval Expenses:



The credit union applying for grants must obtain approval of the proposed expenditures before making those expenditures. Credit unions will not be reimbursed for expenses the credit union has committed to, procured, or purchased in advance of grant approval.

Government Agency Expenses:

A credit union will not be reimbursed for funds paid to NCUA, any government agency, or any government agency employee for any activity.

Matching Funds/Gift Card Programs:

The credit Union will not be reimbursed for funds provided to members, such as funding the matching portion of an Individual Development Account program or providing gift cards to members.

8 CONTACT INFORMATION

For immediate assistance, email general questions regarding the OSCUI Grant Program to OSCUIAPPS@ncua.gov.

For technical question regarding the grant application or reimbursement request, utilize the “Need Support?” link in the online grant system.



APPENDIX A: EXTENSION OF COMMITMENT EXPIRATION DATE REQUEST

This form must be completed by a credit union requesting to extend the expiration date for reimbursement requests for grants awarded from the National Credit Union Administration (NCUA) Office of Small Credit Union Initiatives (OSCUI) Grant Program.

A credit union must complete the following information and email this form to OSCUIAPPS@ncua.gov. The email subject line should be "Grant Extension Request" and include the commitment number of the award.

*The NCUA will respond to the commitment request via email. All extension requests require approval in writing. The NCUA will **not** consider extending the commitment expiration date for more than **three** months after the original commitment expiration date.*

1. Date of Request:	
2. Credit Union Name:	
3. Charter#:	
4. Initiative:	
5. Commitment #:	
6. Application#:	
7. Authorized Credit Union Contact Name:	
8. Credit Union Contact Email Address:	
9. Credit Union Contact Telephone #:	
10. Authorized Credit Union Contact Signature:	
11. Original Commitment Expiration Date:	
12. Requested Commitment Expiration Date:	

13. Briefly describe the project the credit union was initially awarded funds for in this application.

14. Briefly provide the reason(s) the credit union needs an extension to utilize the funds.

