



NCUA
National Credit Union Administration

2021 Community Development Revolving Loan Fund Minority Depository Institutions Mentoring Grant Application Guidelines

September 2021



NCUA

National Credit Union Administration

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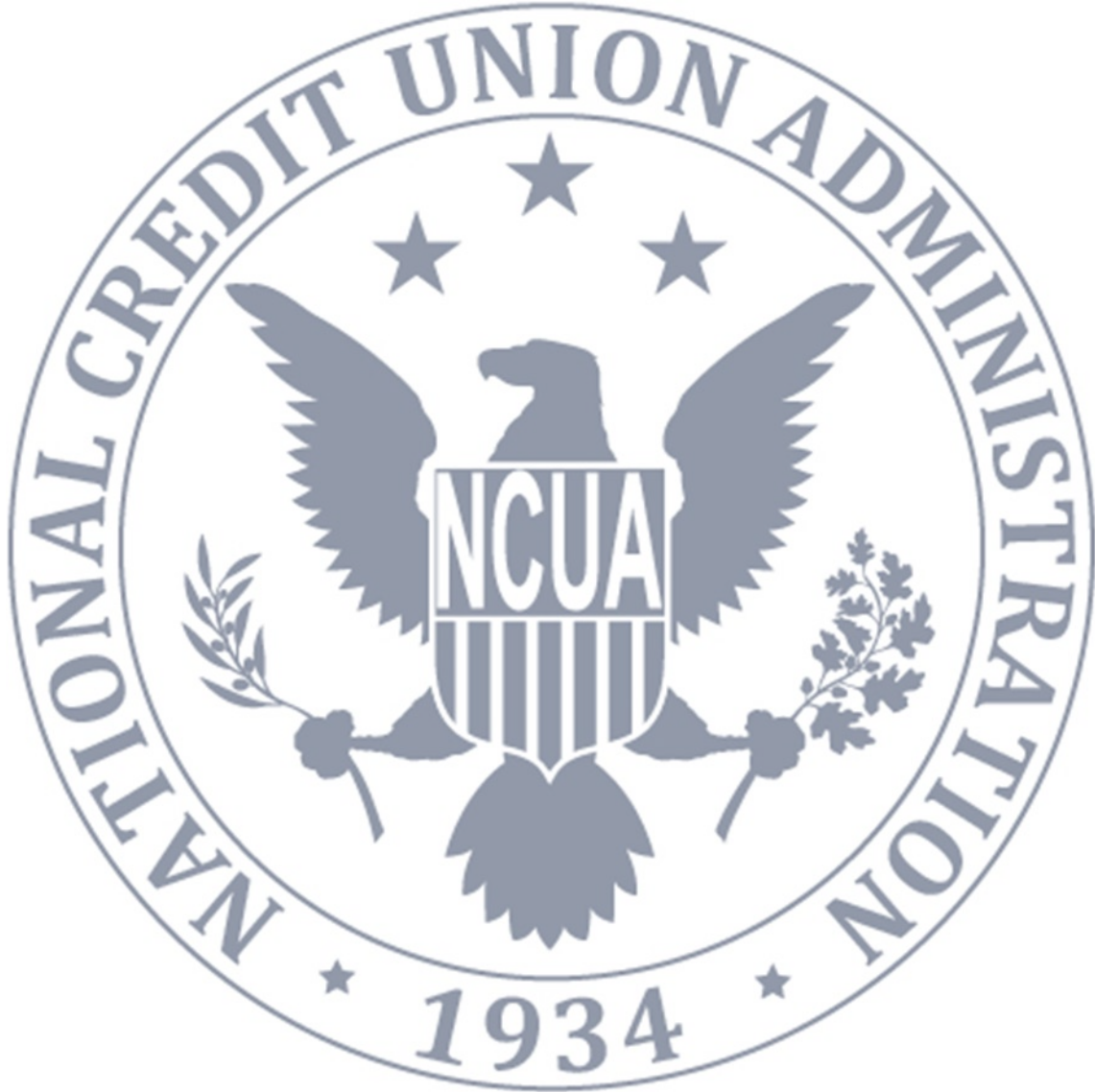




Table of Contents

Overview	4
Critical Dates	4
General Eligibility and Administrative Requirements.....	5
MDI Mentoring Initiative Guidelines	6
General Expense Guidelines.....	11
• Ineligible Expenses.....	12
• CDRLF Grant Project Budget Example	13
Terms and Conditions	14
Regulatory Guidance	16
Post-Award Requirements.....	17
Helpful Resources	17
Contact Information	18



Overview

The purpose of the Community Development Revolving Loan Fund (CDRLF) is to assist low-income-designated credit unions in providing basic financial services to their members to stimulate economic activities in their communities. Through the CDRLF, the NCUA provides financial support in the form of technical assistance grants to low-income designated credit unions to modernize, build capacity, and extend outreach into underserved communities. The CDRLF is funded by congressional appropriations and administered by the NCUA.

The 2021 CDRLF Grant Round will provide approximately \$100,000 to low-income credit unions for the Minority Depository Institution (MDI) Mentoring initiative. The purpose of the MDI Mentoring initiative is to encourage strong and experienced credit unions to provide guidance to small MDI credit unions to increase their ability to thrive and serve low-income and underserved populations. This grant may be used for any eligible expenses associated with facilitating a new mentorship relationship. Funding approval will be based on the applicant’s ability to demonstrate a well-developed plan for the mentoring assistance it would receive from a mentor.

Initiative	Activities/Resources Developed	Maximum Award Amount
Minority Depository Institution (MDI) Mentoring	<ul style="list-style-type: none"> • Help MDI credit unions build and strengthen internal capacity. • Help MDI credit unions grow and expand. • Develop products and services that increase the wealth of minority members and minority-owned businesses. 	\$25,000

Specific details about the purpose, types of eligible projects, and application information for the MDI Mentoring initiative is in the Initiative Guidelines section of this document.

Critical Dates¹

As soon as possible – Low-income credit unions that want to apply for the 2021 CDRLF MDI Mentoring Initiative Grant should complete the annual registration for the System of Award Management (SAM) as soon as possible. SAM registration is required to apply for a grant and may take longer than four weeks to complete. Registration is available electronically through www.sam.gov. More details about SAM are available

¹ Subject to change



in the General Eligibility and Administrative Requirements section of this document.

October 11, 2021 – The grant round opens at 9:00 a.m. Eastern time. Applications are available electronically through the [NCUA's Grants Management System](#).

October 29, 2021 – The deadline for receiving applications is 11:59 p.m. Eastern time.

December 15, 2021 – The NCUA will notify applicants and announce awards by email from CUREAPPS@ncua.gov and through an official NCUA press release.

General Eligibility and Administrative Requirements

This section contains general details and guidance about the CDRLF program, including eligibility and administrative requirements.

All credit unions must complete the following three steps before registering for the [NCUA's Grants Management System](#) and submitting an application. The NCUA's grants management system will not recognize credit unions that have not completed each requirement.

Step 1 – Low-Income Designation

The low-income credit union designation, as provided for in the NCUA's rules and regulations, is a requirement for the CDRLF program.² For information on how to obtain the low-income designation, visit the [NCUA's website](#).

Step 2 – Data Universal Number System (DUNS)

A unique nine-character number used to identify your organization, a DUNS number is used by the federal government to track how federal money is allocated. You can obtain a DUNS number by visiting the [Dun & Bradstreet website](#) or calling 1-866-705-5711 to register or search for a DUNS number. There is no charge to register for a DUNS number.

² See § 701.4 and § 741.204.



Step 3 – System for Award Management/Commercial and Government Entity

An active SAM account status and CAGE number are required to apply for a CDRLF grant. SAM is a web-based, government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract awards, grants, and electronic payment processes. Credit unions with an existing registration with SAM must recertify and maintain an active status annually. There is no charge for the SAM registration and recertification process. First-time SAM users can register by following the instructions in the [Quick Start Guide for New Registrations](#). Existing users can recertify or renew their SAM account status by following the instructions in the [Quick Start Guide for Renewing Registrations](#).

MDI Mentoring Initiative Guidelines

Purpose

The purpose of the MDI Mentoring initiative is to encourage strong and experienced credit unions to provide guidance to small MDI credit unions to increase their ability to thrive and serve low-income and underserved populations. This grant may be used for eligible expenses associated with facilitating a new mentorship relationship. Funding approval will be based on the applicant's ability to demonstrate a well-developed plan for the mentoring assistance it would receive from a mentor credit union.

Initiative Characteristics

- The award is structured as a relationship between two credit unions, the mentee and mentor.
- The mentor credit union must sign a contractual agreement not to merge with the mentee for a period of five years following the mentorship.
- The mentee credit union is responsible for submitting the grant application.
- The project period is 12 months. The project will begin January 1, 2022 and conclude December 31, 2022 (subject to change).
- Awardees and their mentors must commit to participating in a cohort that will receive training and technical assistance from the NCUA throughout the project period.
- The maximum grant amount is \$25,000.



Eligible Project Activities

Funds for this grant initiative can be used for the implementation of any of the project activities listed below:

- Credit union growth and expansion, such as increasing membership numbers or the size of the loan portfolio.
- Improved management and operations, such as leadership training, developing new policy and procedure documents, or responses to exam and audit findings.
- Increased credit union capabilities, such as introducing a new program or service or improvement of credit union systems.
- Other activities identified by the applicant.

Selection Process

Step 1: Application Intake

The NCUA will review each application to determine if the credit union meets the eligibility requirements. The NCUA will only accept applications submitted by the mentee credit union. Credit unions that received an MDI Mentoring grant in the past are not eligible to receive a grant under this initiative.

In addition to the requirements set forth under General Eligibility and Administrative Requirements, mentee credit unions need to qualify for and have an MDI designation as of the June 30, 2021, Call Report cycle and have a CAMEL composite rating of 1, 2, 3, or 4. The MDI designation is a self-identification process completed by the credit union through the CU Online Profile. Mentor credit unions need to have a CAMEL composite rating of 1, 2, or 3 AND have no CAMEL component ratings of 4 or 5. Applications that do not meet these requirements will not proceed to Step 2.

Step 2: Compliance Review

The NCUA will assess each credit union's past adherence to reporting requirements and guidelines for previous CDRLF awards. In addition, the NCUA may assess a credit union's examinations or audit reports if a reviewer deems it necessary. The NCUA will review previous awards made in this initiative to ensure the applicant has not participated in the MDI mentoring grant in the past. Some applications may not proceed to Step 3, depending on the results of the compliance review.



Step 3: Project Objective Review

The NCUA will use information from the MDI Mentoring application to determine if the credit union's project goals and objectives align with the intent of the initiative. The NCUA will evaluate each eligible application using the Analysis Framework on page 9. All applications will proceed to Step 4.

Step 4: Application Ranking Order

Each reviewer will score the application using the Scoring Framework on page 10. Each application will be given a total score to determine the application ranking order. Credit unions with assets less than \$100 million will receive priority over credit unions with more than \$100 million in assets. All applications can then proceed to Step 5.

Step 5: Grant Amount Determination

The NCUA will determine the recommended grant amount for each application based on various factors, such as the request amount, project expenses as described in the budget, and funding availability. The agency will distribute funds until the allocation for this initiative is exhausted.

Application Information and Materials

The following information is necessary for each application. The NCUA may request additional information and materials as necessary.

- **Project Title** – Provide a title for the proposed project (limit of 100 characters).
- **Project Activity** – Identify the area or type of guidance needed by the mentee.
- **Request Amount** – The amount your credit union is requesting for the initiative. The credit union will need to submit a budget to support the requested award amount. **Awards will not exceed \$25,000.**
- **Project Executive Summary** – Provide an executive summary of the project activity selected by the credit union. This section should discuss how the proposed project will benefit the mentee credit union, members of the credit union and community. Make sure to discuss the benefit to the community (500-character minimum, limit of 2,000 characters).
- **Information about the Mentor Credit Union** – Provide information about the mentor credit union such as the Name, Charter Number, and Location.
- **Narratives for Relevant Information** – The narrative section of the application is divided into the following categories: Statement of Need, Capability of the



Mentor Credit Union, and Framework of the Mentoring Relationship. Provide a detailed response to relevant questions and information requests. Refer to the Analysis Framework below for guidance on completing the narrative.

- **Project Budget** – Identify the expense categories the credit union plans to use the grant for and outline them in a project budget. See the [CDRLF Grant Budget Example](#) on page 13.
- **Project Impact** – Identify two to five ways in which the credit union will be able to determine the impact of the project. Impact will be measured by **outputs** (activities, products, or services to be delivered) and **outcomes** (expected benefits or other positive changes). Outputs should be easily identifiable and measurable. Outcomes should link the outputs to the objective of the project.
- **Contractual Agreement** – A signed contractual agreement between the mentor and mentee is a necessary part of a grant application. Upload a signed contract stating that the mentor credit union will not merge with the Mentee credit union for a period of at least five years. The agreement must include a statement from the mentor to the mentee and the NCUA that the mentor is engaging in the mentor/mentee relationship for purposes unrelated to acquiring the mentee. Exceptions to this contractual agreement would be if the mentee credit union became insolvent, then all regulatory and merger process approvals would be followed to determine the best merger partner.

Analysis Framework

The reviewers will evaluate each application using a point scale based on the following selection criteria: Statement of Need, Capability of the Mentor Credit Union, and Framework of the Mentoring Relationship.

A description of each selection criteria and its corresponding narrative guidance is listed below. Each criterion should be thoroughly supported in the application with responses to the narrative guidance.

Statement of Need

This section will assess the mentee credit union’s compelling need for a mentoring relationship, and the challenge or problem that is being addressed.

Narrative Guidance:

- Clearly describe the credit union’s weaknesses, challenges facing the credit union, and problems that the mentorship is proposed to address.
- Be specific when detailing the needs of the credit union.



Capability of the Mentor Credit Union

This section will assess whether the mentor credit union is qualified to address the needs identified by the mentee credit union.

Narrative Guidance:

- Explain why the mentor credit union was chosen to be a partner.
- Discuss the mentor credit union’s experience in the areas targeted by the project.
- Describe the previous mentoring experience of the mentor credit union, if applicable.

Framework of the Mentoring Relationship

This section will assess the credit union’s strategy to execute the mentoring relationship.

Narrative Guidance:

- Explain how the mentoring relationship will be formed between the two credit unions.
- Describe the role of each credit union and the structure of the relationship. Explain how the project activities will be conducted.
- Specify the roles of key staff at both the mentee and mentor credit unions. Explain how each person is well-suited for the project.

Scoring Framework

The reviewers will use the scoring framework below to score each narrative area (Statement of Need, Capability of the Mentor Credit Union, and Framework of the Mentoring Relationship). Applications can receive a total maximum score of 15.

Strong (4 – 5 points)

- The credit union has provided overwhelming evidence throughout the narrative section that demonstrates all initiative objects are met. Responses are outstandingly clear, well-articulated, and appropriate. The supporting materials are of the highest quality, highly relevant, and lead to a deeper understanding of the project.

Good (2 – 3 points)



- The credit union has provided sufficient evidence throughout the narrative section that demonstrates the basic initiative objectives are met. Responses are generally clear and appropriate but not consistently well-expressed. The support materials are of average quality and relevance.

Weak (1 point)

- The credit union has provided very limited evidence throughout the narrative section that demonstrates initiative objectives are met. Responses lack detail and are difficult to understand. The support materials are insufficient and/or of poor quality.

Eligible Expenses

Funds may only be used for expenses directly related to facilitating a new mentoring relationship. The following are examples of eligible funding uses:

- Consulting services provided or arranged by the mentor credit union's executive officers. Consulting deliverables may include solutions for: fintech, lending, process and performance improvement, technology, and strategy.
- Reasonable travel expenses to the site of the mentor or mentee.
- Training provided or arranged by the mentor credit union for the benefit of the mentee. Training topics may include strategic planning, budgeting, marketing, compliance, product/service development, accounting, and computer/IT.
- Production or procurement of educational materials, such as guides or handbooks.
- Staff salary expense associated with training staff, board, or volunteers of the mentee.
- Operational expenses associated with the structure of a collaborative arrangement for the benefit of the mentee credit union and its minority members. The collaborative arrangement should help the mentee credit union unlock opportunities to manage expenses and meet regulatory requirements that require specialized expertise.

This list is not exhaustive. Proposed project expenses should be included and justified in the Project Budget. Please submit any questions regarding the eligibility of expenses to CUREAPPS@ncua.gov prior to the expense being incurred.

General Expense Guidelines



All credit unions must adhere to the following general expense guidelines, unless told otherwise by the NCUA in writing. These guidelines apply to each grant initiative:

- For expenses not described in this document, the CDRLF follows the cost principles in [2 C.F.R. part 200 subpart E](#).
- Expenses eligible for reimbursement must be incurred after the grant application is approved and before the grant commitment expires unless the NCUA, in writing, notifies the credit union otherwise.
- All expenses must be directly related to the specific grant initiative that was approved. Changes to an initiative will not be allowed, and any expenses not related to the approved initiative will be denied.
- If a credit union is unsure about the eligible expenses associated with the project, seek clarification from the NCUA in writing prior to incurring the expenses. This helps avoid issues at the time of a reimbursement request submission. Inquiries can be submitted by email to CUREAPPS@ncua.gov.
- The credit union must provide evidence that the proposed project was successfully completed to receive reimbursement. This may include invoices, certifications, or other documents. Additional post-award guidance will be provided to awardees.
- The NCUA will only reimburse expenses up to the total grant limit for the initiative.
- Applicants are reminded to perform a due diligence review prior to entering into any arrangement with a third party. The [NCUA Letter to Credit Unions 01-CU-20](#) regarding “Due Diligence Over Third Party Service Providers” provides guidance to credit unions. Third-party vendor agreements submitted must include the services or products provided and the associated costs. Contractor fees that are not substantiated in writing in a partnership/contractor’s agreement will not be reimbursed.
- Invoices from outside parties must be billed to and paid by the credit union.
- Reimbursements will be made to the awardee credit union only. Payments to credit union officials and personnel will not be made.

Ineligible Expenses

The following expenses are ineligible and will not be reimbursed by the NCUA.

- The following represent conflicts of interest and are ineligible uses of grant funds:
 - Employees and board members may not receive compensation from hired consultants, partners, or vendors.



- Contracts, agreements, or internships given to credit union employees and board members or their relatives are prohibited.
- The following miscellaneous operational expenses are ineligible uses of grant funds:
 - Indirect costs.
 - Custodial services.
 - Food and refreshments.
 - Matching Funds, such as the matching portion of an Individual Development Account program.
 - Monthly and annual maintenance costs for technical support.
 - Insurance costs.
 - Prepaid expenses, such as expenses the credit union has paid prior to receiving grant approval.
 - Promotional items, such as gifts, giveaways, souvenirs, and gift cards.
 - Recurring operational expenses, such as rent, utilities, annual financial audits, depreciation, funding for the allowance for loan losses, and office supplies.
- The following non-operational expenses are ineligible uses of grant funds:
 - NCUA or other government agency employee expenses.
 - Projects/Contracts based on covered relationships with NCUA employee(s).

CDRLF Grant Project Budget Example

The Project Budget specifies the resources required to carry out the proposed project. Project activities must drive the budget and the project narrative must be reflected in the budget. The Project Budget should be clear, well-organized, and easy to understand.

The budget narrative is the justification of how and/or why a line item helps to meet the project goals. Credit unions should explain the details and show the calculations used to arrive at the numbers (quotes and proposals from vendors are also acceptable). The budget narrative should validate all expenses as reasonable and appropriate for the project.

The goal of the budget narrative is to help the NCUA reviewers understand the scope of the credit union's project. The budget narrative should address the largest categories of expense in the project budget.

Be realistic. Significant over- and underestimating suggests that the credit union may



not understand the scope of the project.

The following is an example for a project budget under the Digital Services and Cybersecurity initiative. This example is purposely generic. The credit union should choose to elaborate accordingly.

Project Activity	Total Estimated Project Cost	Portion Covered by CDRLF Grant	Budget Narrative
Consulting Fees for Mentor Credit Union	\$10,000	\$10,000	The mentor credit union is providing services to improve credit union policies and procedures.
Training for Mentee Credit Union Employees	\$10,000	\$10,000	Mentee credit union employees attended training to improve credit union operations.
Travel	\$7,000	\$5,000	Expenses related to the Mentee credit union attending meetings with the Mentor.
Project Total	\$27,000	\$25,000	

The Project Budget will be used to determine the final award amount. Any ineligible expenses will result in a reduction from the requested amount. The NCUA has the right to reject an application in which ineligible activities make up a significant part of the project.

Terms and Conditions

All credit unions are required to certify the following terms and conditions in the NCUA's grants management system prior to submitting their applications:

- The Applicant is a low-income-designated credit union, as defined in §701.34 of the NCUA's Regulations.
- Applicant shall comply with United States Office of Management and Budget, [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#).



- Applicants are required to have an audit conducted if they hold \$750,000 or more in federal awards during a fiscal year as per the [Single Audit Requirements for Federal Awards](#). Applicants that hold less than \$750,000 in federal awards are exempt from this requirement.
- For example, if a credit union uses a \$250,000 loan from the NCUA’s CDRLF and a \$500,000 grant from the Community Development Financial Institutions Fund—thereby totaling \$750,000 in federal awards during the same fiscal year—then the credit union must have an audit conducted.
- Applicant is responsible for the efficient and effective administration of the federal award through application of sound management practices. Applicant assumes the responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives, and the term and conditions of the federal award.
- No employee, contractor, consultant or vendor has participated substantially for this grant-funded activity, nor otherwise benefited directly or indirectly from the grant, who, to its knowledge (assuming reasonable diligence), has a “covered relationship” with an NCUA employee who presently holds a position that would enable him or her to influence a pending or future grant award or a reimbursement of permitted expenses thereunder.
- An employee, contractor, consultant or vendor of the Applicant would have such a “covered relationship” if he or she were either: a member of the household of an NCUA employee who presently holds a position that would enable him or her to influence a pending or future grant award, or a reimbursement thereunder; or a relative of such an NCUA employee with whom he or she has a close personal relationship. 5 C.F.R. 2635.502(b)(1)(ii).
- The Applicant must disclose in writing to the NCUA any potential conflict of interest in accordance with applicable federal awarding agency policy.
- Per 2 C.F.R 200.113, the Applicant must disclose all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.
- The Applicant conducts its activities such that no person is excluded from participation in, is denied the benefits of, or is subject to discrimination on the basis of race, color, national origin, sex, age or disability in the distribution of services and/or benefits provided under this grant program. The credit union agrees to provide evidence of its compliance as required by the NCUA. Furthermore, credit unions should ensure compliance with Title VI of the Civil Rights Act of 1964.
- If a credit union enters into commitments for a project before the grant decision



is made, the credit union will be obligated to pay project expenses from its own funds should the grant not be approved; if the grant is approved, the credit union may be responsible for a portion of the expenses due prior to the grant approval date.

- Requests to reallocate or change approved project(s) and/or requests for an extension to the deadline must be submitted in writing prior to the original deadline and approved by the NCUA prior to Applicant incurring expenses.
- The Applicant is aware that the NCUA will correspond with the credit union regarding this application by email (utilizing the email provided in this application).
- Applicant hereby acknowledges that the NCUA reserves full discretion to deny reimbursement under this grant in the event the NCUA determines the Applicant is, or previously was, either in breach of any condition or limitation in the grant guidelines, or in breach of the “covered relationship” restriction set forth above.
- Information included in Outcome Summary or Success Stories is considered by the NCUA to be Research Data and is governed by 2 C.F.R. § 200.315 and may be made publicly available.
- Applicant is aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject Applicant to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730, and 3801-3812.
- Applicant is aware recipients and subrecipients are prohibited from obligating or expending loan or grant funds to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system in accordance with Public Law 115-232, section 889 and 2 C.F.R. 200.216.

Regulatory Guidance

Credit unions are expected to follow the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. part 200. The CDRLF has been updated to comply with the recent revisions to this regulation. These updates are reflected in program documents, such as the Notice of Funding Opportunity, application guideline, and post-award guideline. For more information, contact us at CUREAPPS@ncua.gov. The Uniform Administrative Requirements can be found in their entirety in the [Electronic Code of Federal Regulations](#).



Post-Award Requirements

All credit union awardees are responsible for the timely and complete submission of the post-grant award activities. This includes, but it is not limited to, signing the grant agreement, submitting a project status update, and completing a reimbursement request.

Grant Agreement:

The grant agreement formalizes the relationship between the NCUA and the credit union and explains the responsibilities and expectations of both parties. Each credit union must complete and accept the terms of the agreement within the specified timeframe. Failure to complete the agreement within the specified timeframe will result in the grant being withdrawn from the credit union.

Project Status Update:

The NCUA will notify credit unions that are required to submit a status update by email. This will include the deadline to complete it. Status updates are a deliverable for some grants and should be completed whether work has occurred on your project or not. Not submitting a complete progress report by the deadline defined in your grant agreement will result in any subsequent reimbursement request being delayed or denied. Status updates should reflect implementation activities for the duration of the project thus far.

Reimbursement Request:

The final post-grant award activity is the reimbursement request. All NCUA grants are reimbursements. Credit unions must use their own funds for the approved project according to the terms and conditions of the grant agreement, then request a reimbursement for the eligible expenses incurred. In general, each reimbursement request requires credit unions to provide an outcome summary, evidence of the successful completion of the project, proof of payment and purchase documents, and certification the grant funds were used accordingly. The specific requirements for each initiative may be subject to change but will be outlined in the post award guidance provided by the NCUA to grant awardees.

Helpful Resources

The NCUA's Office of Credit Union Resources and Expansion (CURE) has a variety of other services and resources available for credit unions. We offer a customer service



approach to credit unions seeking regulatory and resource assistance in their development and expansion efforts. Services and resources CURE offers include:

- [Grants and low-interest loans](#) for low-income designated credit unions.
- Help with Community Development Financial Institution certification, including access to the [streamlined CDFI certification application](#).
- A [Learning Management Service](#) that delivers online training for credit unions at no cost. Available training topics include governance, new products and services, and how to improve operations. We will be adding training on field of membership, charter changes, and share insurance.
- A program to preserve and grow [minority depository institutions](#).

For more information, refer to our [website](#).

Contact Information

If you need to get in touch with someone regarding the CDRLF program, send your request by e-mail to CUREAPPS@ncua.gov. Please allow up to 72 hours for a response. Below is the contact information for other service areas of CURE.

- Chartering: NewFCU@ncua.gov
- Field of Membership Expansion: DCAMail@ncua.gov
- CDFI Certification: CURECDFI@ncua.gov
- Learning: CURELMS@ncua.gov
- For all other inquiries: CUREMail@ncua.gov
- Contact us by Phone: 703.518.6610