

**National Credit Union Administration**  
**Office of Small Credit Union Initiatives**  
**Community Development Revolving Loan Fund**  
**General Guidelines**  
**2011 Technical Assistance Grants**  
**For Low-Income Credit Unions**

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## **General Guidelines for 2011 Technical Assistance**

### **1. What is the Community Development Revolving Loan Fund?**

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress (Public Law 96-124, November 20, 1979 and Public Law 99-604, November 6, 1986) to support credit unions serving low-income communities by making loans and technical assistance grants (TAGs) available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

Congress appropriates funds to the CDRLF for loans and/or grants. The interest earned on loans is also available as a source of additional funds for grant purposes.

### **2. What is a Technical Assistance Grant?**

A technical assistance grant (TAG) is a monetary award provided to assist qualified low-income designated credit union applicants.

### **3. What is the objective of Technical Assistance?**

The objective, or desired outcome, of technical assistance is to help low-income credit unions provide financial services to their members and to make the operations of those credit unions more efficient.

### **4. How is the objective measured?**

The success of the CDRLF's grant program is measured, in part, by the improvement in the financial condition of the credit unions participating in the program. In the context of the technical assistance grant program, the ability of the credit union to serve the community is measured by growth in its loans, shares, assets, net worth, and membership.

By applying for technical assistance grant funds, the credit union is committing to working toward the purpose and measurement objectives of the CDRLF.

### **5. How much money is available?**

For fiscal years 2011 through 2012, Congress appropriated \$1,247,500 to the CDRLF for the purpose of awarding technical assistance. Income earned on the CDRLF's loan and the investment portfolios are also available for grant awards exceeding the appropriation. Appropriation monies are divided among the Initiatives, which are described in subsequent pages of these guidelines.

## 6. Which credit unions are eligible?

To participate in the Program, a federally chartered credit union must be currently designated as a “low-income” credit union as set forth in NCUA’s Rules and Regulations, Section 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority and concurrence from NCUA.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711. Credit unions may also visit the Dun and Bradstreet website, <http://fedgov.dnb.com/webform>.

Technical assistance applications from credit unions not meeting statutory or regulatory eligibility requirements will not be processed. For example, an application from a credit union that is not low-income designated will not be processed. (By statute, credit unions without a low-income designation are ineligible for CDRLF assistance.)

## 7. What are the technical assistance initiatives for credit unions?

There are seven specific technical assistance initiatives funded through appropriations, as follows:

- Financial Education & Financial Literacy;
- Partnerships and Outreach;
- Student Internship and Job Creation;
- Building Internal Capacity/Building Technology;
- Staff, Official, and Board Member Training; and
- Volunteer Income Tax Assistance (VITA).

In addition, the Urgent Needs grant is funded from earnings on the CDRLF loan and investment portfolios.

## **2011 Technical Assistance Program**

The 2011 Technical Assistance Grant Program is outlined as follows:

### **Financial Education & Financial Literacy Initiative – Round I**

**\$200,000 Allocated, Maximum Award \$5,000**

**Open Period – April 18, 2011 thru May 20, 2011**

**&**

### **Financial Education & Financial Literacy Initiative – Round II**

**\$200,000 Allocated, Maximum Award \$5,000**

The Financial Education Initiative provides funds to eligible credit unions to work in collaboration with other community organizations, financial institutions, and others to improve the financial literacy levels of credit union members and surrounding community members. The growth of the financial literacy movement over the past several years has been spurred by the economic downturn and the increase in demand from consumers frustrated and confused by their own lack of knowledge while trying to negotiate a growing array of confusing savings, loan, and investment products. The need is even stronger in low-income designated credit unions where members typically maintain smaller average deposits and access more loans at smaller average amounts. Financial education has been shown to result in increased savings and fewer delinquencies – important factors for credit union safety and soundness. Credit unions are encouraged to apply to this initiative to create, improve, and/or evaluate their financial education programs.

Financial Literacy programs in schools provide students who are future credit union members' practical money-management skills for life. This program would also increase awareness, financial and business concepts to achieve financial and life goals by teaching students how to manage their finances and how to develop savings, investments and lending alternatives.

April being the Financial Education and Financial Literacy month, Round 1 of this initiative was made available from April 18, 2011. To meet the demand and to promote Financial Literacy, Round II will be made available from the appropriation. Credit unions are encouraged to apply to this initiative to create, improve, evaluate their financial education programs, and or conduct workshops and seminars for consumers and especially students.

**Round 1 - Awards to be announced by July 22, 2011**

**Round II - Applications will be approved and announced as they are received. Grants will be awarded from this initiative until monies are exhausted.**

### **Partnerships & Outreach Initiative**

**\$300,000 Allocated, Maximum Award \$10,000**

The Partnerships and Outreach Initiative provides funds to eligible credit unions to deliver new financial products and services to members and the community or to expand existing services to new and potential members.

NCUA believes that credit unions working in partnership with other organizations achieve greater impacts for low-income members and improve the communities in which they operate. The credit union and the partner organization(s) bring different information, resources, and strengths to a project. The Partnerships and Outreach Initiative provides funds for low-income credit unions to create new partnerships or expand on already existing partnerships. Awards under this initiative are expected to increase credit union savings and/or loan activity within the low-income community it serves.

Closing date is set to July 01, 2011 or until funds are exhausted. Applications will be approved and announced as they are received.

**Student Internship and Job Creation Initiative**  
**\$200,000 Allocated, Maximum Award \$5,000**

The Student Internship and Job Creation Initiative serves a dual purpose. The Student Internship portion of the technical assistance provides low-income designated credit unions an opportunity to introduce college students to credit unions and credit union operations. The Job Creation portion of the initiative allows low-income credit unions to provide training to individuals who are unemployed or underemployed in order to help them prepare for transition into the workforce.

This initiative is structured as a stipend. Technical assistance funds are to be used by the credit union to defray the costs of the internship or on-the-job training. Costs may include items such as training and development, transportation between credit unions, supplies, or training materials.

Applications will be approved and announced as they are received. Grants will be awarded from this initiative until monies are exhausted.

**Building Internal Capacity/Building Technology Initiative**  
**\$400,000 Allocated, Maximum Award \$7,500**

This Initiative is designed to provide funds to credit unions for projects or purchases that improve the overall operations and financial condition of the credit union. Funds may be used for consulting services such as strategic planning, business and succession plans, policies, contracting for review of third party relationships or proposed business undertaking (Due Diligence) etc. Credit unions who would like to evaluate their payment systems and/or replace their systems would greatly benefit from this initiative.

For 2011, the Office will not be keeping the Building Internal Capacity and Building Technology Initiative divided into two portions as it was in 2010.

Maximum award amount increased from \$5,000 to \$7,500 to accommodate technology purchases.

Closing date is set to August 15, 2011 or until funds are exhausted. Applications will be approved and announced as they are received.

**Staff, Official, and Board Member Training Initiative.**  
**\$200,000 Allocated, Maximum Award \$3,000**

This Initiative provides funds for credit union representatives to attend courses, seminars, and take advantage of other training opportunities.

Total funds allocated to this Initiative for 2011 is \$200,000 reflecting an increase of \$75,000 from the 2010 allocated amount. This is done to provide maximum support to the credit unions faced with training needs due to regulatory changes as well as prepare them to manage the ever changing economic conditions effectively.

Applications will be approved and announced as they are received. Grants will be awarded from this initiative until monies are exhausted.

**Volunteer Income Tax Assistance Initiative (VITA)**  
**\$200,000 Allocated, Maximum Award \$6,500**

This Initiative provides funds to credit unions wishing to help existing and potential members prepare their tax returns, especially those members eligible for the Earned Income Tax Credit<sup>1</sup>.

In 2010, credit unions used VITA funds to support their efforts to bring income into their communities. The credit unions receiving funds under this initiative in 2009 reported more than 12,158 tax returns prepared and \$5.6 million in Earned Income Tax Credits returned to the communities.

Applications will be approved and announced as they are received. Grants will be awarded from this initiative until monies are exhausted.

**Urgent Needs Grant**  
**Funded from CDRLF Earnings, Maximum Award \$7,500**

This grant is provided to ensure the continued viability of credit unions experiencing an unexpected or unplanned cost where, if left unaddressed, the issue might disrupt existing services to members. This grant is funded from CDRLF earnings on the loan and investment portfolio. The maximum amount awarded under this initiative is unchanged at \$3,000.

Special Note: Credit unions affected by the recent tornadoes are encouraged to apply for assistance using this initiative.

## 8. When will technical assistance funds be available?

The table below summarizes the available technical assistance and the respective application periods for 2011.

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<sup>1</sup> The Earned Income Tax Credit or the EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

Attachment 1:

**Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund  
Summary of 2011 Grant Initiatives**

<i>Technical Assistance Initiative</i>	<i>Application Closing Date</i>	<i>Total Allocated</i>	<i>Maximum Grant Award</i>	<i>Grant Approval Procedure</i>
<b><i>Financial Education Initiative- Round I</i></b>	05/20/2011	\$200,000	\$5,000	Applications evaluated at end of open period. Awards announced 7/22/2011
<b><i>Financial Education Initiative- Round II</i></b>	12/31/2011 or when funds are exhausted.	\$200,000	\$5,000	Rolling. Applications approved as received
<b><i>Partnerships &amp; Outreach Initiative</i></b>	07/01/2011 or when funds are exhausted	\$300,000	\$10,000	Rolling. Applications approved as received
<b><i>Student Internship and Job Creation Initiative</i></b>	12/31/2011 or when funds are exhausted	\$200,000	\$5,000	Rolling. Applications approved as received
<b><i>Building Internal Capacity/Building Technology</i></b>	08/15/2011 or when funds are exhausted	\$400,000	\$7,500	Rolling. Applications approved as received
<b><i>Staff Official and Board Member Training Initiative</i></b>	12/31/2011 or when funds are exhausted	\$200,000	\$3,000	Rolling. Applications approved as received
<b><i>Volunteer Income Tax Assistance</i></b>	12/31/2011 or when funds are exhausted	\$200,000	\$6,500	Rolling. Applications approved as received
<b><i>Urgent Needs</i></b>	Open	Funded from CDRLF earnings	\$3,000	Rolling. Applications approved as received

To read the above table:

Technical Assistance Initiative means the name or the purpose of the grant monies.

Application Closing Date means the last day applications will be accepted for each technical assistance category. Initiatives with no application closing date will be awarded until allocated funds are exhausted.

Total Allocated indicates the total amount of monies NCUA has set aside for this technical assistance initiative.

Maximum Award means the expected maximum dollar amount awarded to any individual credit union for any technical assistance initiative category.

Application Approval Procedure means the time frame within which each type of technical assistance initiative will be evaluated and approved. Applications evaluated on

a rolling basis will be based on the merit of the application and awarded until total available funds are exhausted. For those initiatives with closing dates, all applications will be evaluated at the end of the open period and awarded based on the merit of the application.

Funds allocated in excess of the 2011 appropriation (\$1,247,500) to be funded from CDRLF earnings.

## 9. How does the NCUA's technical assistance process work?

- First, credit unions must apply for technical assistance before making any expenditure. Credit unions are encouraged to utilize the online system to apply.
- After receiving an approval letter, the credit union may purchase the goods or spend the funds, up to the amount approved. The purpose of the grant, as stated in the award letter, cannot be changed.
- After making the expenditure, the credit union must then submit copies of receipts and proof of payment to NCUA for reimbursement along with a completed *Grant Reimbursement Summary Form*. Credit unions should submit all receipts for a single grant commitment number to OSCUI at one time.
- NCUA will review the reimbursement requests and disburse funds electronically to the bank information on file to reimburse approved and documented expenditures. Disbursements generally take 3 weeks to be issued from the U.S. Treasury.
- All requests for reimbursement must be received before the end of the commitment period listed in the award letter.
- OSCUI will not process incomplete applications. Credit unions may resubmit a technical assistance application; provided the submission deadline has not passed and technical assistance monies have not been exhausted.
- Credit unions must also send a summary (*Outcome Summary Form*) of the technical assistance outcome to OSCUI. Credit unions failing to submit the summary may be ineligible for future technical assistance awards.

## 10. Where can credit unions obtain technical assistance applications?

Technical assistance application forms and instructions are available on the NCUA website, at [www.ncua.gov](http://www.ncua.gov), under Resources and Credit Union Development. Grant applications are also available in paper copy for those credit unions without access to the internet.

## 11. How are technical assistance applications evaluated?

Subject to funds availability, applications are awarded after careful consideration of the merits of an application. Applications will be considered based on the financial and non-financial factors listed below, as appropriate for the type of technical assistance.

Financial factors include, but are not necessarily limited to, the following:

NCUA CAMEL\* Rating  
Net Worth Ratio

Financial factors are used to determine the overall financial condition of the credit union and its ability to carry out the project as described in the grant application.

Non-Financial factors include, but are not necessarily limited to, the following:

Assessment of Management is a determination of whether credit union management has been responsive in addressing concerns cited in examination reports and whether management has the ability to carry out the project described in the grant application.

Purpose is a determination of whether the outcome of the project, as described in the grant application, is consistent with the purpose of the CDRLF as described in Section 705.10 of the NCUA's Rules and Regulations. The purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) improving the operations of the credit union. OSCUI will deny grant applications in which the purpose of the grant is inconsistent with the purpose of the CDRLF.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications with projects having an impact on the community as whole will receive more favorable consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF grant funding. Section 705.2(b) of NCUA's Rules and Regulations states that the purpose of the CDRLF is to gain maximum economic impact on as many participating credit unions as possible. Therefore, credit unions which have not received funding in the past will receive priority consideration.

Partnerships is a determination of whether the credit union has developed other partner relationships and has considered other sources of grant funds. Under this grant initiative, a credit union with a viable partner relationship will receive more favorable consideration.

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\* CAMEL ratings are explained in NCUA Letter to Credit Unions No. 07-CU-12. Financial ratios are explained in the Users' Guide for NCUA's Financial Performance Report. Both documents are available on the NCUA website at <http://www.ncua.gov>.

Leverage is a determination of the degree to which the credit union has acquired resources other than NCUA grants. Leverage measures the total cost of the project compared with the total grant dollars requested from NCUA. If, for example, a project costs \$5,000 and the credit union requests \$5,000 from NCUA, that project's leverage ratio is 1-to-1. If, for example, a project costs \$20,000 and the credit union requests a \$5,000 grant from NCUA, that project has a 4-to-1 leverage ratio. Projects in which the credit union has obtained funding and resources other than NCUA grants will receive more favorable consideration.

For those funding requests submitted as an Urgent Needs Grant, the OSCUI will determine the appropriateness of the request, basing its decision primarily on whether the request meets the criteria of an urgent needs grant, as listed below, and also on financial and non-financial factors.

Urgency is defined as a circumstance where a credit union has a compelling need for immediate action or attention to address financial or operational issues, and where receipt of a grant is expected to mitigate the urgency. In general an urgent need is an item or incident resulting in sudden, unplanned, or unexpected costs to the credit union, which, if left unaddressed, will result in a disruption of existing services to members.

For a grant application to meet the criteria of an Urgent Needs Grant, the credit union must definitively state, in its application, that the item or incident resulted in a sudden, unplanned, and unexpected cost to the credit union. The purpose of an urgent needs grant must remain consistent with the purpose of the CDRLF.

## 12. Is there anything that would cause an application to be immediately denied?

Yes.

(a) Technical assistance from the CDRLF is reimbursable. That is, credit unions must first apply for monies, receive an award letter from NCUA for expenditures, and then submit evidence of payment of those expenditures, in order to receive monies from NCUA. Therefore, the OSCUI will not reimburse any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.

(b) TAG funds are not provided for operational expenses such as salaries, rent, maintenance agreements, annual audits, funding for the allowance for loan losses, or office supplies.

Salaries to employees are not reimbursable under any CDRLF grant initiative. In general, 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.

Expenses for contractors invoiced to and paid by the credit union may be reimbursable under certain grant initiatives. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

(c) Credit unions may not use technical assistance funds to provide monies to members, such as funding the matching portion of an IDA program or providing gift cards to members.

(d) Credit unions failing to submit summaries for technical assistance previously awarded may be ineligible to receive additional technical assistance funds.

(e) Technical assistance funds may not be used to reimburse NCUA, or any government agency, for any activity.

### 13. Are there restrictions or limits on what will be reimbursed?

Yes. The following restrictions apply to reimbursements under CDRLF technical assistance initiatives. The list highlights the more common restrictions.

***Equipment Purchase and Installation:***

*Annual maintenance fees and insurance costs are not reimbursable. Equipment rentals must be from an actual equipment rental business, separate from the credit union/and/or third party consultant.*

***Marketing:***

*Marketing and advertising for the general promotion of the credit union will not be reimbursed.*

***Mileage:***

*Reimbursement requests for mileage must include receipts and the starting point, the destination, and the number of trips. Mileage is reimbursable at a rate not to exceed the January 1, 2011 IRS standard mileage rate of \$0.51 per mile.*

***Postage:***

*To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of mailings.*

***Printing/Copying:***

*To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of copies made.*

***Promotional Items:***

*Promotional items such as gifts, give-aways, souvenirs, or gift cards are not reimbursable.*

***Regular Expenses/Pro-Rated Expenses:***

*Regular expenses of the credit union, such as rent, utilities, and depreciation are not reimbursable under this grant initiative. "Pro-rated" expenses of the credit union, such as a portion of telephone or utility costs, are not reimbursable. These expenses are considered regular operating expenses.*

***Salaries/Contractors:***

*Salaries to employees are not reimbursable under any CDRLF grant initiative. 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.*

***Travel/Lodging/Meals***

*Travel expenses, such as for an on-site trainer, will be reimbursed at the lesser of actual costs or the U.S. Government General Services Administration (GSA) FY2011 per diem rate for the geographic area in which the travel takes place.*

***Undocumented Expenses:***

*To be reimbursed, credit unions must submit invoices or receipts that correspond to the items listed in the grant award letter, and proof of payment. Requests for reimbursement that do not contain adequate documentation will not be reimbursed.*

***Partnership/Third Party/Vendor Relationship and Expenses:***

*Credit unions are required to follow the due diligence over Third party Service Provides as directed by NCUA Letter to Credit Unions 01-CU-20 and must submit a written agreement detailing the services/products with cost involved. 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 credit unions only.*

**14. What information needs to be submitted with the application for technical assistance?**

Each application form contains a description of the information the credit union must submit. The application contains several questions regarding the proposed use of the technical assistance funds, which the credit union should answer on separate sheets.

Note, however, OSCUI will not process incomplete applications. Credit unions may resubmit a completed technical assistance application, provided the submission deadline has not passed and funds are still available.

Checklist for submission:

1. NCUA Technical Assistance *Application For. Using the online application module would expedite the process and support NCUA's green initiative.*
2. Narrative response to application questions. In addition, any supporting information needed to explain how the program would be developed and implemented.
3. Projected budget (expenses) needed to operate program. Submit supporting documentation such as bids, proposals etc.
4. *Grant Reimbursement Summary Form - Expenditure Report* (submit w/reimbursement)
5. *Outcome Summary Form* with Narrative Justification of Expenses (submit w/reimbursement )
6. Copies of Receipts, Invoices, Credit Card Statements and/or Cancelled Checks (submit w/reimbursement)

Failure to submit accurately completed applications and supporting documentation may impact the decision on your application.

## 15. Where do credit unions send completed applications?

Credit unions should submit their applications online, by fax or by email.

Fax: (703) 519-4088

Email: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Applications must be received by OSCUI by 5 p.m. Eastern Time on or before the acceptance period closing date. Applications received after the closing date will not be processed.

Credit unions unable to submit their grant application electronically should contact the Office of Small Credit Union Initiatives at the address listed.

## 16. What is the credit union's reporting requirement after receiving technical assistance?

Credit unions receiving awards must provide a summary of the impact of the technical assistance funding to OSCUI as stated in the application form. The time frame for submitting the summary will be stated in the award letter. The submission deadline allows reasonable time for the credit union to ascertain the benefits of the grant.

The summary should discuss the overall project and how the funding enabled the credit union to accomplish its objective. Credit union success stories provide invaluable supporting information when OSCUI requests annual appropriations from Congress to replenish the technical assistance and loan fund. Credit unions must specify the impact the award had on the credit union's delivery of service and the consequences upon the community the credit union serves.

Failure to submit this summary will have an impact on the credit union's ability to receive technical assistance in the future.

## 17. How can an applicant contact OSCUI with questions?

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