National Credit Union Administration
2014 OSCUI Grant Guideline – Round 1

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Part I. GENERAL GRANT ROUND INFORMATION

A. What are the qualifications for the OSCUI grant program?

To qualify for the 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 NCUA website.

B. Where do I start an application for a grant?

Start your application online at www.cybergrants.com/ncua/applications.

C. When may I begin applying for the 2014 Grant Round?

Begin completing your application on February 3, 2014 at 8am EST.

D. Do I need to submit my application by a certain deadline?

Yes. Complete and submit your application by *5:00pm EST* February 14, 2014.

E. When will I know the final status of my grant application?

We will send you a notification by email regarding the final decision of your application during the week of March 10th – 14th, 2014.

F. What grant initiatives can I apply for during this round?

You can apply for the following grant initiatives:

- *Student Internship* – This initiative gives you the opportunity to provide high school or college students with valuable work experience in the credit union industry. If eligible, you can apply for up to $4,000.

- *New Product Initiative* – This initiative provides you with funds to pursue new products that are on the new product list provided by NCUA's OSCUI. There are various items on the list that NCUA will fund if you are approved for the grant. You can apply for up $10,000 depending on the product you select.

- *CDFI Certification Challenge* – If your credit union is seeking a **NEW** CDFI (Community Development Financial Institution) certification, then this initiative is for you. You can apply for up to $2,500 to prepare an application for the CDFI certification which allows you access to financial and technical award assistance from the CDFI Fund.

G. What are the terms for these initiatives?

Each initiative has different set of terms and eligibility requirements. Review each of the grant initiatives to see if you are eligible to apply and qualify for funding.

H. Must I apply for all of the initiatives?

No. You can apply for any initiative of your choice as long as you are eligible. The application will ask you what initiatives you wish to apply for. If you do not wish to apply for a certain initiative, simply select "No".

I. Must I submit three separate applications for each initiative?

No. One application covers all of the initiatives for this grant round.

Part II. GRANT INITIATIVES

A. STUDENT INTERNSHIP

1. What is the student internship initiative?

The student internship initiative is a grant that gives you the opportunity to provide high school or college students with valuable work experience in the credit union industry. If eligible, up to $4,000 is available for your credit union.

2. Am I eligible to apply for the student internship grant?

If you meet the requirements in the table below, you may apply for this grant:

Student Internship Eligibility	
Eligible	**Not Eligible**
• You are a low-income designated credit union • You did not receive a student internship grant from NCUA in 2013 • Your CAMEL composite rating is a 3 or better	• You do not have the low income designation • You received a student internship grant from NCUA in 2013 • Your CAMEL composite rating is a 4 or 5

3. What are the terms of the student internship grant?

- The intern you hire must be enrolled in a high school or college at the beginning of the internship
- You must finish using the grant funds no later than August 31, 2014 and submit the reimbursement request
- You must notify us with the selection of the student intern by July 15, 2014. If you do not obtain an intern by this date, the award may be cancelled.
- NCUA will only reimburse for up to $10 per hour, up to a total of $4,000, for hours worked.

4. What information will you request in the application?

In addition to standard information about your credit union, we will request information about your plans to hire to an intern. You will see requests similar to the following items in your application:

- Discuss how you will find an intern
- Describe the primary functions the intern will perform

- The intern must be enrolled in a high school or college
- What is the total grant amount you are applying for?

5. How will NCUA review my student internship application?

We will only consider your application if you meet all of the eligibility requirements. We will rank all applications by the credit union's asset size. Credit unions with smaller assets will be funded first. We will review the applications until we exhaust the amount allocated for this initiative or whenever we run out of applications, whichever comes first.

B. NEW PRODUCT

1. What is the new product initiative?

The new product initiative provides you with grant funds to develop a new product. If you are planning to provide services like mobile banking, bill pay, etc. NCUA will fund your credit union the grant maximum for each corresponding product. There are 9 items on the list that NCUA will fund if you are approved for the grant. You may only select one project.

2. What items may I apply for on the new product list?

Credit unions may apply for funding of ONE product under the New Product Initiative. Funding limits are present for each product.

New Product List	
Product	**Grant Maximum**
Mobile Banking	$7,500
Remote Deposit Capture	$6,000
Bill Pay	$5,000
Online Loan/Member Applications	$7,500
Electronic/Digital Signatures	$6,000
Debit/Credit/Prepaid Cards	$5,000
Home Banking	$10,000
First ATM	$10,000
First Website	$2,000

3. May I apply for multiple items on the new product list?

No. You may only select ONE item from the new product list.

4. Will NCUA approve my application for more than the preset amount?

No. The grant amount is preset and you are responsible for all expenses above and beyond the preset grant amount.

5. Am I eligible to apply for the new product grant?

New Product Initiative Eligibility	
Eligible	**Not Eligible**
• You are a low-income designated credit union • Your CAMEL composite rating is a 3 or better (credit unions with a higher CAMEL rating in Management will be considered first)	• You do not have the low income designation • Your CAMEL composite rating is a 4 or 5 • The product you select is already offered to your members

6. What are the terms of the new product initiative?

- The product you select must be NEW to your credit union
- Only one product per credit union permitted
- No cost estimate, proposal, or projections required in the application
- If approved, you must agree to submit an invoice with details about the cost and product features when you request a reimbursement. In addition, a proof of payment and purchase is required for reimbursement.

7. How will NCUA evaluate my new product application?

We will only consider your application if you have a CAMEL composite rating of 3 or better. Also, we will review the applications by the highest Management component rating of the CAMEL rating.

C. CDFI CERTIFICATION CHALLENGE

1. What is the CDFI certification challenge?

The CDFI certification challenge is a brand new grant initiative NCUA is offering to low-income credit unions that wish to certify as a CDFI (Community Development Financial Institution). If you are seeking a new CDFI certification we will award you a $2,500 grant to cover the expenses that may be incurred. However, employee salary expenses or volunteer expenses are not eligible for reimbursement.

For more information on the CDFI Certification, visit the CDFI Fund website.

2. May I apply to recertify as a CDFI?

No. You may only apply for this initiative if you are seeking a new CDFI certification.

3. May I use this grant for the CDFI grant application?

No. This grant is only for new credit unions seeking a CDFI certification.

4. How will NCUA review my application for the CDFI Certification?

We will only consider your application if your CAMEL composite rating is 3 or better. Also, we will use a capacity index to assess your ability to benefit from certifying.

The capacity index has two components, both derived from the most recent 5300 report. The first component measures a credit union's capacity to offer and support complex products. The second component measures the extent to which a credit union already offers products serving low-income populations.

5. What is the maximum amount I can receive for this grant?

If you are selected to receive a CDFI Certification award, we will approve your application for $2,500.

6. What are the terms of the CDFI Certification grant?

- You may not use this grant for a CDFI technical or financial assistance award
- If you use a consultant the contract may only cover expenses for the CDFI certification.

7. May I use a consultant to complete my CDFI certification application?

Yes but the contract must ONLY cover expenses for the CDFI certification.

Part III. Grant Application Information

1. How much money does NCUA plan to award for this Grant Round?

We plan to award approximately $481,000**. Grant allocation is as follows:

- Student Internship - $200,000**
- New Product Pilot - $181,000**
- CDFI Certification Challenge - $100,000**

**Amounts awarded may vary based on factors such as the number of applications received, the merit of the applications, etc. We may award either more or less than the anticipated amount.

2. Where can I find Treasury guidance for grants?

You 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 to the OMB Website for additional information:
http://www.whitehouse.gov/omb/circulars_default

3. Where can I find reporting/accounting guidance for grants?

For accounting guidance for grant awards from the OSCUI Grant Program, refer to NCUA Accounting Bulletin No. 07-2. You are encouraged to consult with your 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

4. Are there any expenses the NCUA does not allow?

Yes. The following expenses are **not** allowed under any initiative:

- Annual Maintenance & Insurance
- Custodial Services
- Food/Refreshments
- Government Agency Expenses & Payment to Government Agency Employee
- Lodging
- Matching Funds (i.e. matching portion of an Individual Development Account program)
- Pre-Grant Approval Expenses (expenses the credit union has paid in advance of grant approval)
- Promotional Items (i.e. gifts, give-aways, souvenirs, gift cards)
- Recurring Operational Expenses (i.e. rent, utilities, salaries, annual audits, depreciation, funding for the allowance for loan losses, office supplies)
- Salaries to Employees & Payments to employees for services provided (except for Student Interns)
- Transportation/Mileage/Parking

5. Are there any other expense guidelines I must follow?

The following are general expense guidelines that apply to all grant initiatives:

- All expenses must be directly related the specific project approved.
- If you enter into a commitment for a project before the grant decision is made, the credit union may be obligated to pay project expenses from your own funds should the grant not be approved.

- NCUA will reimburse expenses listed in approved grant applications up to the total grant amount. You must present evidence of payment, paid after the grant approval, with your reimbursement request.
- Partnership/Third Party/Vendor Relationship and Expenses: You 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.
- Contracts given to your employees and, or board members are prohibited. NCUA reserves the right to refuse your reimbursement if you violate this clause.
- Employees and, or board members may not receive compensation from partners or vendors.

  Invoices from outside parties must be billed to and paid by the credit union. Reimbursements will be made to credit unions only.

6. Who do I contact if I have additional questions regarding the grants?

If you need immediate assistance, email our Grant & Loan team at OSCUIAPPS@ncua.gov.

For a technical question regarding the grant application or reimbursement request, utilize the ***"Need Support?"*** link in the CyberGrant application system.

7. Am I eligible to receive any other types of assistance from OSCUI?

Yes. Information regarding other assistance offered by OSCUI can be found in the following locations on the NCUA website:

Consulting – www.ncua.gov/OSCUI/consulting

Grants and Loans – www.ncua.gov/OSCUI/grantsandloans

Training – www.ncua.gov/OSCUI/training

Partnerships and Outreach – www.ncua.gov/OSCUI/Partnerships