



NCUA
National Credit Union Administration

Office of Credit Union Resources and Expansion
Office of Examination & Insurance

Consolidated Appropriations Act, 2021

Emergency Capital Investment Program (ECIP)
February 3, 2021

Administrative Announcements

- Adjust computer volume as needed.
- Drag bottom right corner to resize slide view.
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- Click “Ask a Question” on the left corner of the console window.
- In three weeks, a closed captioned archive will be available in our Learning Management System:
<https://ncua.usalearning.net/mod/page/view.php?id=38>



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ECIP Webinar - Agenda

- Webinar Opening - Myra Toeppe – Director, Office of Examination and Insurance, NCUA
- U.S. Treasury Program Facilitator - Brian Donovan, Acting Program Lead
- Presentation - Tom Fay, Director of Capital Markets, Office of Examination and Insurance, NCUA
- Q&A – Panel members from NCUA and U.S. Treasury

Emergency Capital Investment Program (ECIP)

Treasury Update:

1. Program Website / Portal / Application document
2. Program Dates
3. Other Information
4. Contact information if questions:
ECIPInquiries@treasury.gov

ECIP Program and Eligibility

Program

Established by the Consolidated Appropriations Act, 2021, and established in the Treasury of the United States, the Emergency Capital Investment Program (ECIP) was created to encourage *low- and moderate-income community financial institutions* to augment their efforts to support small businesses and consumers in their communities that may be disproportionately impacted by the economic effects of the COVID-19 pandemic.

Eligible Financial Institutions

Low- and moderate-income community financial institutions means any financial institution that is:

- 1 ✓ a Community Development Financial Institution - “CDFI”; or
✓ an Minority Depository Institution - “MDI”; and
- 2
 - an Insured Depository institution that is not controlled by a BHC or SLHC that is also an Eligible Institution;
 - a Bank Holding Company;
 - a Savings and Loan Holding Company; or
 - a Federally Insured Credit Union; and
- 3
 - Not designated in *Troubled Condition* (the meaning given to such term under 12 C.F.R. 700.2 for credit unions)
 - Not subject to formal enforcement action addressing unsafe or unsound lending practices



ECIP Application Information

- To be eligible to receive a capital investment under the Program, an eligible applicant must complete the Emergency Capital Investment Program Application Form.
- The form can be located at: U.S. Department Of The Treasury
<https://home.treasury.gov/policy-issues/cares/emergency-capital-investment-program>
- For each application received, Treasury will consult with, and share certain application materials with, the FDIC, the Fed, the OCC, and/or the NCUA, including State Supervisors, as applicable, to determine whether the Applicant may receive a capital investment under the Program.
- Responses to the Emergency Investment Program Application, including the Emergency Investment Lending Plan, may be used to determine investment amounts or prioritization of determinations.

Emergency Investment Lending Plan (Section 104(d)(4))

Question 1: Lending to LMI and Other Targeted Populations

□ Applicant is a CDFI. Skip to Question 2.

Question 1(a)

Each response should represent the sum of loans or loan amounts originated during fiscal year (FY) 2019 and 2020. Carry out calculations to two decimal places. If the Applicant is a BHC or a SLHC, the information provided must be information aggregated across all of the Applicant's Subsidiary Insured Depository Institutions.

	% of Applicant's total number of loans originated during FY 2019 and 2020	% of Applicant's total \$ value of loans originated during FY 2019 and 2020
Applicant's lending made directly to LMI borrowers, to borrowers that create direct benefits for LMI populations*, and/or to Other Targeted Populations.	____%	____%

*"Borrowers that create direct benefits for LMI populations" represents a category that is distinct and separate from "LMI borrowers." For purposes of this question, "borrowers that create direct benefits for LMI populations" refers to companies and nonprofit organizations (i) headquartered in LMI areas for which over 50 percent of customers or persons served by the company or nonprofit organization are LMI individuals and households, and (ii) in the case of companies, for which neither the owner nor senior leadership is an LMI borrower that received a loan from the Applicant in the past 2 fiscal years.

Emergency Investment Lending Plan (Section 104(d)(4))

Question 1(b)

For loans originated by the Applicant over the past 2 fiscal years to “borrowers that create direct benefits for LMI populations” counted towards percentages reported in Question 1(a), provide the following information using the attached workbook for up to the five largest of such borrowers served by the Applicant. [\[download link\]](#)

Description of borrower	County	State	Estimated # of LMI individuals benefited	# of loans originated to borrower	Total \$ of loans outstanding to borrower	Description of benefits to LMI communities
(100 characters maximum)			[#]	[#]	[\$]	(100 characters maximum)

Emergency Investment Lending Plan (Section 104(d)(4))

Question 2: Business Strategy to Address Community Development Needs

Describe how the business strategy and operating goals of the Applicant will address the community development needs in communities that may be disproportionately impacted by the economic effects of COVID-19, which includes the needs of small businesses, consumers, nonprofit organizations, community development, and other projects providing direct benefits to LMI communities, Low-Income individuals, and Minorities within the Minority, Rural, and Urban Low-Income and Underserved Areas served by the Applicant.

Provide measurable factors for how the community has been impacted by COVID-19, such as increases in unemployment, the number of businesses closed due to the pandemic, or mortgage delinquencies.

Business Strategy to Address Community Development Needs (Question #2 Cont'd)

The response to this question should also include up to five examples of particular business activities that the Applicant will perform in FY 2021 to address community development needs in communities that may be disproportionately impacted by the economic effects of COVID-19. For each example, provide quantitative estimates and anticipated timing information that illustrate how the relevant community development needs will be met, what particular groups and communities (e.g. small businesses, Low-Income individuals) will benefit, and the overall planned economic impact to those groups/communities and in Minority, Rural, and Urban Low-Income and Underserved Areas served by the Applicant. Where appropriate, address how an investment received under the ECIP will support the described activities.

Each Applicant should provide data and information that support its belief that business strategy and operating goals are realistic and achievable and will address the Community Development needs in communities that may be disproportionately impacted by the economic effects of COVID-19.

[UPLOAD BOX for response] (6,000 characters maximum)

Emergency Investment Lending Plan (Section 104(d)(4))

Question 3: Emergency Lending Plan

Question 3(a)

Provide the additional aggregate dollar amount of loans, grants, and forbearance that the Applicant, as a direct result of issuing the full amount of financial instruments or senior preferred stock to the Treasury Department that it is seeking to issue under the Program, projects would be provided in FY 2021 relative to FY 2020 levels for small businesses, Minority-owned businesses, and consumers that may be disproportionately impacted by the economic effects of the COVID-19 pandemic.

\$ _____

Question 3(b)

Lending or Investment Activity	FY 2020	FY 2021 (projected)	FY 2022 (projected)	FY 2023 (projected)
Provide the aggregate dollar volume of the Applicant's FY 2020 and projected FYs 2021-23 levels of lending and investment activity, as measured by new loans originated and new investments made each year.	[\$]	[\$]	[\$]	[\$]
Provide the aggregate dollar volume of the Applicant's FY 2020 and projected FYs 2021-23 levels of lending and investment activity, as measured by new loans originated and new investments made each year, across each of the following groups: LMI communities, LMI communities disproportionately impacted by COVID-19, historically disadvantaged borrowers, and Minorities that have significant unmet capital or financial services needs.	[\$]	[\$]	[\$]	[\$]

Provide an overview of the principal underlying assumptions used by the Applicant to reach the projections provided for FYs 2021 to 2023 above. **[UPLOAD BOX for response]**



Emergency Investment Lending Plan (Section 104(d)(4))

Question 3(c)

Include details on how the Applicant plans to expand or maintain significant lending or investment activity in LMI Minority communities, especially those that may be disproportionately impacted by COVID-19, to historically disadvantaged borrowers, and to Minorities that have significant unmet capital or financial services needs.

The response should include quantifiable details on the Applicant's planned approach to expanding or maintaining significant levels of lending or investment in these communities related to current/projected types of lending and investment (e.g., small business loans, loans to consumers), current/projected types of projects that will be funded (e.g., housing), and the community needs that projected lending or investment activities would serve.

[UPLOAD BOX for response] (6,000 characters maximum)

Question 4: Community Outreach and Communication

Provide a detailed plan describing how the Applicant will provide community outreach and communication, where appropriate.

The Applicant's plan for community outreach and communication may be provided or described through a community benefits agreement between the Applicant and organizations, trade associations, and individuals that represent or work within minority or LMI communities.

The response should include quantitative details on how particular aspects and features of the Applicant's planned community outreach and communication approach (e.g., advertisements to be purchased, sales personnel hired) may help the Applicant achieve the group-specific projected FY 2021-2023 lending and/or investment activity amounts set forth in response to Question 3(c).

[UPLOAD BOX for response] (6,000 characters maximum)

Financial Instrument

- An applicant will certify the reasonableness of projections made in the Emergency Investment Lending Plan when it is submitted to Treasury, along with the Appropriate Federal Banking Agency or the NCUA, including the State Supervisor, when applicable.
- The type of financial instrument the applicant may be able to issue under the Program, as well as conditions related to the issuance and sale of such an instrument which will be posted on the Treasury website:
 - • Senior preferred stock term sheet
 - • Subordinated debt terms for Mutual Institutions term sheet
 - • Subordinated debt terms for S Corporations term sheet
 - • **Subordinated debt terms for credit unions term sheet**

Financial Instrument Terms

- For any financial instrument issued to Treasury by a Low- and Moderate-Income Community Financial Institution under the Program, no dividends, interest or other similar required payments shall have a rate exceeding 2 percent per annum for the first 10 years.
- The annual required payment rate of dividends, interest, or other similar payments of a Low- and Moderate-Income Community Financial Institution shall be adjusted downward as follows, based on lending by the institution during the most recent annual period compared to lending by the institution during the annual period ending September 30, 2020:
 - No dividends, interest, or other similar payments shall be due within the first 24-month period after the capital investment by Treasury.
 - If the amount of lending by the institution within Minority, Rural, and Urban Low-Income and Underserved Communities and to LMI borrowers has increased in amount between 200 percent and 400 percent of the amount of the capital investment, the annual payment rate shall not exceed 1.25 percent per annum.
 - If the amount of lending by the institution within Minority, Rural, and Urban Low-Income and Underserved Communities and to LMI borrowers has increased by more than 400 percent of the capital investment, the annual payment rate shall not exceed 0.5 percent per annum.

Program Appropriations and Restrictions (1)

Total Treasury Program Appropriation is \$9 billion.

Limits to Eligible Participants:

Under the Program, each Low- and Moderate-Income Community Financial Institution may only issue financial instruments to Treasury with an aggregate principal amount (or comparable amount) that is

- not more than \$250,000,000 and:
- not more than 7.5 percent of total assets as of *[date]* for an institution with assets of more than \$2,000,000,000;
- not more than 15 percent of total assets as of *[date]* for an institution with assets of not less than \$500,000,000 and not more than \$2,000,000,000; and
- not more than 22.5 percent of total assets as of *[date]* for an institution with assets of less than \$500,000,000.

Program Appropriations and Restrictions (2)

Set-Asides:

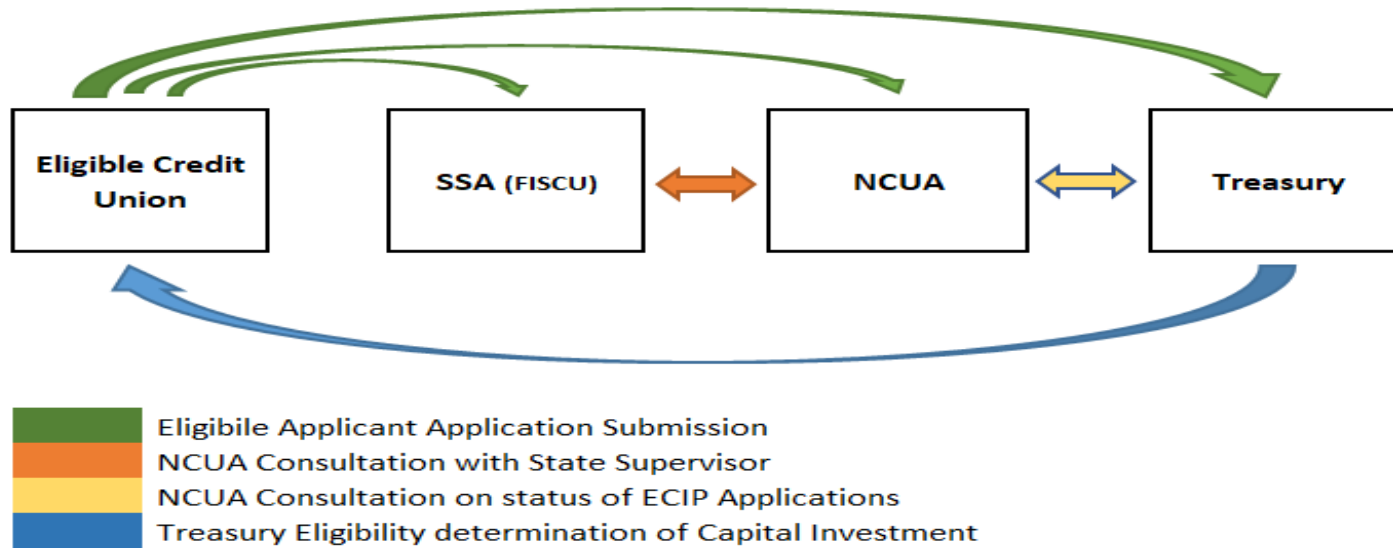
Across Program investments, Treasury may make not less than:

- \$4,000,000,000 available for Eligible Institutions with total assets of not more than \$2,000,000,000 that timely apply to receive a capital investment under the Program,
- of which not less than \$2,000,000,000 may be made available for Eligible Institutions with total assets of less than \$500,000,000 that timely apply to receive a capital investment under the Program.

Proposed Review Process – ECIP Application

Potential sequence of Documents and Approval process:

1. Eligible credit union submits ECIP application to Treasury, NCUA and SSA (State-Charter)
2. Treasury acknowledges receipt and begins review in consultation with NCUA
3. NCUA will consult with respective SSA on the assessment of State-Chartered application
4. Communication and Status of application is managed by the NCUA CURE team with Treasury
5. Treasury will provide Eligible credit union with determination on Capital Investment



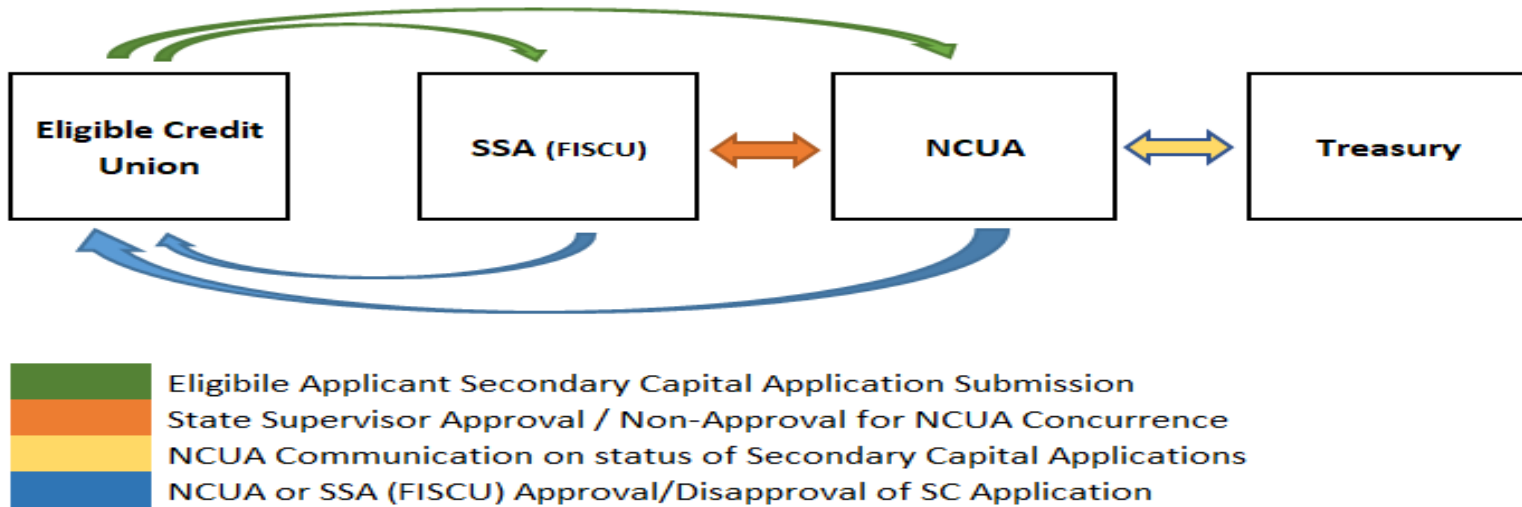
Secondary Capital Application

- An eligible credit union that is applying for ECIP funds in the form of Subordinated Debt and also has a designation of low income status (LICU), may submit a Secondary Capital plan as per NCUA Part §701.34 to recognize the ECIP amount as Net Worth.
- The submission of the Secondary Capital Plan application is separate from the ECIP application requirements.
- The application and approval processes for Secondary Capital will utilize the current NCUA/SSA processes for assessment and approval/concurrence.

Proposed Approval Process – Secondary Capital

Potential sequence of Documents and Approval process:

1. Eligible credit union upon submitting an ECIP application submits Secondary Capital application to the SSA and NCUA (Regional Supervision office).
2. SSA and NCUA confirm receipt and conduct review and concurrence
3. NCUA to concur on approval/non-approval recommendation from SSA (NCUA Part 741.204(c))
4. NCUA to conduct assessment of Federal credit union application
5. Communication and Status of application is managed by the NCUA CURE team with Treasury
6. Timeline not to exceed 45 days (NCUA Part 701.34(b)(2))



Considerations of a Dual Application Process

Challenge: Eligible credit unions will be required to submit two applications to receive the ECIP Capital Investment and recognition of Secondary Capital for Net Worth.

Considerations:

- In order to achieve the desired goal of ECIP program, NCUA is asking eligible credit unions to submit their Secondary Capital applications no later than two weeks after their submission of the ECIP application.
- NCUA and the respective SSAs, if applicable, will complete reviews of the Secondary Capital applications within 45 days of the receipt of the SC application.
- Treasury may render a decision on the ECIP to the applicant ahead of the pending Secondary Capital decision.
- The estimated overall approval process (not including the time that Treasury may need to prepare the final documents and arrangements for the funding) may require up to 60 days to complete.

Other Items of the ECIP Program

- Payment Contingencies based on Certain Financial Conditions
- Other Restrictions on Executive Compensation and Dividend Payments
- Restrictions on Conflict of Interest
- Oversight of Program by the Secretary of Treasury and Inspector General of Treasury



Contact Information for Questions

Treasury

For questions about ECIP and to be informed about program updates, please contact us at ECIPInquiries@treasury.gov.

NCUA

For questions about Secondary Capital and the relationship to the ECIP Program, please contact the Regional Supervision Office

CURE Contact Information

Chartering:	NewFCU@ncua.gov
CDFI Certification:	CURECDFI@ncua.gov
Field of Membership Expansion and Low-Income Designation:	DCAMail@ncua.gov
Grants and Loans:	CUREAPPS@ncua.gov
Learning:	CURELMS@ncua.gov
For all other inquiries:	CUREMail@ncua.gov
Contact us by Phone:	(703) 518-6610
Contact us by Mail:	1775 Duke Street Alexandria, VA 22314



Q & A

