

# General Guidelines for Technical Assistance Grants

## What is a Technical Assistance Grant?

A technical assistance grant (TAG) is a monetary award provided to assist qualified applicants.

## What is the purpose of Technical Assistance Grants?

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by making loans and 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 grants. The interest earned on loans is also available as a source of additional funds retained by the program for grant purposes. Such grants are provided to:

- Improve the quality of services to members;
- Make the operations of low-income credit unions more efficient; and, ultimately
- Stimulate economic activities in the communities served by the credit unions.

## Who is 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 (SSA) 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 grant or loan 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.

Grant applications from credit unions which do not meet statutory or regulatory eligibility requirements will be returned unprocessed to the credit union. Additional guidelines for credit unions are detailed starting on page 2.

OSCUI will accept applications from organizations that act as third party intermediaries in delivering technical assistance to low-income designated credit unions. To be eligible, third-party intermediaries must be an established provider of services that is capable of delivering relevant training to low-income designated credit unions. Third-party intermediaries must also have a DUNS number. Additional information for third-party intermediaries is detailed starting on page 7.

## What grant initiatives for credit unions are there?

There are five specific grant initiatives, entitled as follows:

- Urgent Needs Grant;
- Student Internship Initiative;
- Volunteer Income Tax Assistance (VITA) Initiative;
- Building Internal Capacity (Infrastructure) Initiative; and,
- Enhancing Member Services (Outreach) Initiative.

A brief description of each follows.

### **Urgent Needs Grant**

The urgent needs grant is provided to ensure the continued growth and viability of a credit union with an immediate and pressing need for improving its financial condition or operations. To be considered for this grant, a credit union, with identified supervision issues, must already have taken steps to address related concerns. Examples of urgent needs include, but are not limited to activities such as obtaining an audit; updating records; or, collecting on delinquent loans. The primary purpose of a request for an urgent needs grant must remain consistent with the overall purpose and intent of the CDRLF program.

### **Student Internship Initiative**

The purpose of this initiative is to provide low-income credit unions an opportunity to introduce college students to credit unions and credit union operations, in order to potentially recruit and develop the next generation of credit union managers. Grant funds enable the credit union to pay for some of the expenses, such as travel for a student intern.

### **Volunteer Income Tax Assistance (VITA) Initiative**

The purpose of this initiative is to provide financial assistance to credit unions wishing to help existing and potential members prepare their tax returns, especially those eligible for the Earned Income Tax Credit. Grant funds enable the credit union to offset administrative and operational costs associated with providing free income tax preparation services.

### **Building Internal Capacity Initiative**

This initiative is designed to provide funds for projects that improve the overall operations or financial condition of the credit union, and ultimately enable the credit union to better deliver services to its members.

Grants awarded under this initiative might include, but are not limited to, the following:

- Training and developing management;
- Enhancing or improving technologies;
- Developing strategic, business, and succession plans;
- Preparing emergency and business resumption strategies;
- Enhancing facilities;

- Creating office efficiencies;
- Addressing items of supervisory concern; and,
- Developing policies.

**Enhancing Member Services Initiative**

This initiative is designed to provide funds for projects that provide new or better services to existing members and those projects which will extend services to potential members and the community.

Grants awarded under this initiative might include, but are not limited to, the following projects:

- Providing financial education;
- Providing homeownership opportunities;
- Developing marketing and outreach programs;
- Expanding field of membership;
- Adding share draft, debit and credit card services;
- Developing online capabilities;
- Creating or enhancing an Individual Development Account Program; and
- Establishing an International Remittance Network.

**When will credit unions know that grant funds are available?**

OSCUI will notify credit unions of available grant monies by means of additional Letters to Credit Unions and through postings on the NCUA website at [www.ncua.gov](http://www.ncua.gov).

The table below summarizes the available grants and the respective application periods for 2005.

<i>Grant Initiative</i>	<i>Application Acceptance Period</i>	<i>Total Grant Funds</i>	<i>Maximum Grant Amount</i>	<i>Grant Request Procedure</i>
<b><i>Urgent Needs Grant</i></b>	Open year-round	N/A	\$5,000	Rolling. Applications evaluated as received.
<b><i>Student Internship Initiative</i></b>	Opens March 15, 2005. Closes when funds are exhausted.	\$85,000	\$2,500	Rolling. Applications evaluated as received.
<b><i>Volunteer Income Tax Assistance Initiative</i></b>	Opens June 1, 2005. Closes when funds are exhausted.	\$60,000	\$6,000	Rolling. Applications evaluated as received.
<b><i>Building Internal Capacity (Infrastructure) Initiative</i></b>	Opens March 15, 2005. Closes June 15, 2005	\$260,000	\$10,000	All grants evaluated at end of open period. Grant applications which best meet evaluation criteria will be awarded.
<b><i>Enhancing Member Services (Outreach) Initiative</i></b>	Opens June 1, 2005. Closes August 31, 2005	\$370,000	\$5,000	All grants evaluated at end of open period. Grant applications which best meet evaluation criteria will be awarded.

To read the above chart:

Grant Initiative means the type of grant or indicates the purpose of the grant monies.

Application Acceptance Period means the first and last day that applications will be accepted for each grant category. Grants with no application closing date will be awarded until allocated funds are exhausted.

Total Grant Funds means the total dollar amount of funds that the NCUA has allocated to each grant category.

Maximum Grant Amount means the expected maximum dollar amount that will be awarded to any individual credit union for any grant category.

Grant Request Procedure means the time frame within which each type of grant will be evaluated and approved. Grants evaluated on a rolling basis will be based on the merit of the application and awarded until total available funds are exhausted. For those grants with closing dates, all applications will be evaluated at the end of the open period and awarded based on the merit of the application.

## How are grant applications evaluated?

Subject to funds availability, grants are awarded after careful consideration of the merits of an application. Grant applications will be evaluated based on the financial and non-financial factors listed below.

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

NCUA CAMEL Rating

Net Worth Ratio

Delinquency Ratio

Return on Assets Ratio.

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

Non-Financial factors include the following:

Assessment of Management is a determination of whether management has been responsive to examiners and whether management has the ability to carry out the project described in the grant application.

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\* CAMEL ratings are explained in NCUA Letter to Credit Unions No. 161, dated December 1994. 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>.

Purpose is a determination of whether the outcome of the project, as described in the grant application, coincides with the purpose of the CDRLF as described in Section 705.2 of the NCUA's Rules and Regulations. That purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) stimulating economic activities in the communities they serve which will result in increased income, ownership and employment opportunities for low-income residents, and other community growth efforts.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications which indicate that grant funds will have an impact on credit union members and the community as whole receive priority 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.

Ability to Self-Fund is an assessment of the credit union's net worth, cash, and liquidity to determine whether the credit union has the ability to fund the project on its own. Priority consideration is given to those credit unions which cannot completely fund the project as described in the grant application.

Partnerships is a determination of whether the credit union has developed other partner relationships and has considered other sources of grant funds. Priority consideration is given to those credit unions which have developed partner relationships.

For those TAG requests submitted as an Urgent Needs Grant, the OSCUI will determine the appropriateness of the request, basing its decision on financial and non-financial factors, as listed above. An eleventh evaluation criterion, Urgency, will be added.

Urgency is defined as a circumstance where a credit union has a compelling need for immediate action or attention and where receipt of a grant is expected to mitigate that urgency. Typically, an urgent need relates to the continuity of the credit union's operations and services to its members.

## Where can credit unions obtain grant applications?

Grant application forms and instructions are available on the NCUA website. Grant applications are also available in paper copy for those credit unions without access to the internet.

## What information needs to be submitted with the grant application?

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

## Where do credit unions send completed applications?

Completed applications may be mailed to:

National Credit Union Administration  
Office of Small Credit Union Initiatives  
1775 Duke Street  
Alexandria, Virginia 22314

Credit unions may also submit an application by facsimile to (703) 518-6680.

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 be returned unprocessed to the applicant.

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

Yes.

1. Grants from the CDRLF are reimbursable grants. Credit unions applying for TAGs must obtain approval of the proposed expenditures before making those expenditures. Therefore, the OSCUI will not fund any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.
2. TAG funds are generally not provided for recurring operational expenses such as salaries, rent, office occupancy or office supplies.
3. TAG funds may not be used to reimburse NCUA for any activity.

## What is the credit union's reporting requirement after receiving a grant?

Credit unions receiving awards must provide a summary of the impact of the grant funding to OSCUI as stated on the grant application form. The time frame for submitting the summary is listed in the grant application guidelines. 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 unions must specify the impact that grant funds have had on the credit union's delivery of service and the consequences upon the community the credit union serves.

## What types of grant funds are available for third-party intermediaries?

OSCUI will accept applications from third parties that provide training to credit union staff, board members, and committee members. The objective of the training courses must be to improve the financial condition or the operations of low-income credit unions.

Grants will be awarded to third party intermediaries for existing training programs only; grant funds are not available for program development.

OSCUI will generally reimburse the cost of tuition for low-income credit union participants in the training programs. Details regarding the reimbursement are in the grant application.

## How much is available and what is the application acceptance period?

Funding will be made available as appropriate.

OSCUI will accept applications for credit union training programs from May 1, 2005 through June 30, 2005. Grant applications will be competitively evaluated at the end of the application acceptance period. Applications that best meet the evaluation criteria will be awarded.

Applications will be available on the NCUA website, [www.ncua.gov](http://www.ncua.gov), by April 1, 2005.

## What criteria are used to select third-party intermediaries?

Third-party intermediaries must demonstrate the ability to provide a relevant training program or programs to low-income credit unions. Typically, acceptable providers will be those that have a history of working with low-income credit unions and, in particular, are able to demonstrate their ability to identify and meet the needs of low-income credit unions. Intermediaries must be able to provide training to credit unions located across broad geographic areas. Providing similar training to low-income credit unions in the past is evidence of their ability.

Additionally, third parties must provide their program's objectives to OSCUI.

## What criteria should third-party intermediaries use in selecting credit union participants?

To be eligible for grant monies from the CDRLF, intermediaries must select credit union participants that are low-income designated.

Intermediaries must also document that their selection of a credit union participant is based on the needs of the credit union and on the credit union's ability to increase or enhance financial and related services to its members.

The Director of OSCUI reserves the right to determine whether credit unions the intermediary selects meet the criteria for participation. The intermediary will inform NCUA of credit unions

selected for participation in its training in sufficient time so NCUA can review and inform the intermediary of its determination.

## **Where do intermediaries send completed applications?**

Completed applications may be mailed to:

National Credit Union Administration  
Office of Small Credit Union Initiatives  
1775 Duke Street  
Alexandria, Virginia 22314

Intermediaries may also submit an application by facsimile to (703) 518-6680.

Applications must be received by OSCUI by June 30, 2005. Applications received after the closing date will be returned unprocessed to the applicant.

## **What information needs to be submitted with the grant application?**

Each application form contains a description of the information that the third-party intermediary must submit. The application contains several questions regarding the proposed use of the grant funds, which the intermediary should answer on separate sheets, as necessary.

A third-party intermediary must submit with its grant application a complete description of the training program and a detailed description of related program costs per participant.

## **What is the intermediary's reporting requirement after receiving a grant?**

A third-party intermediary that has received a grant must provide to OSCUI a summary of the credit union training program provided. The summary must list the participating credit union representatives and describe the identified needs of each participating credit union and how the intermediary's training program addressed those needs.

The intermediary must also provide OSCUI copies of training program evaluations from each low-income credit union representative attending or participating in the program.

Third party intermediaries are required to have an independent audit and to make that audit available to OSCUI.

## How can an applicant contact OSCUI with questions?

National Credit Union Administration  
Office of Small Credit Union Initiatives  
1775 Duke Street  
Alexandria, Virginia 22314

Office: (703) 518-6610

Facsimile: (703) 518-6680

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