



NCUA
National Credit Union Administration

Minority Depository Institutions Mentoring Grant Application Guidelines

May 1, 2020



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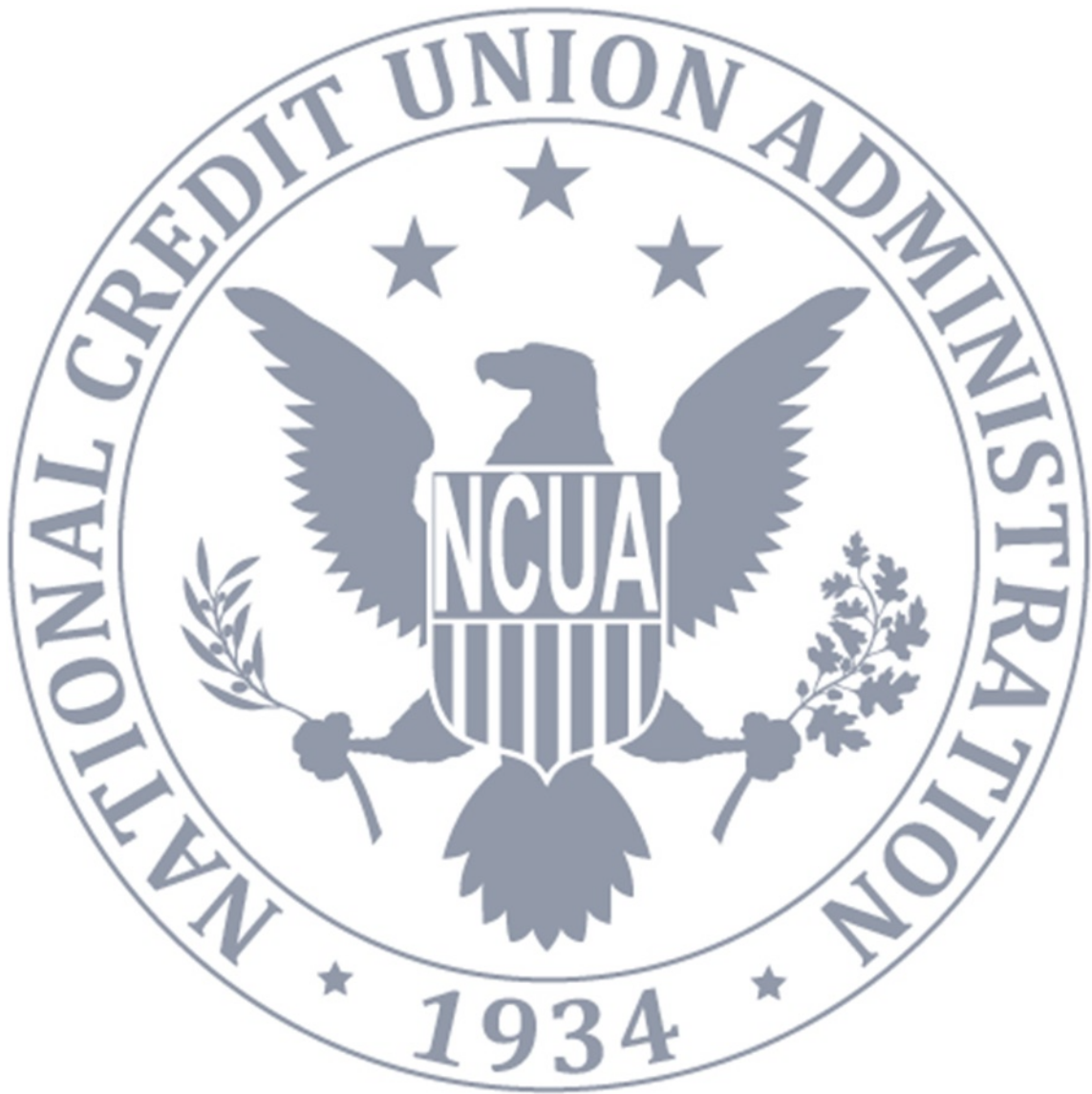




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Introduction

The Community Development Revolving Loan Fund assists low-income-designated credit unions in providing basic financial services to their members to stimulate economic activities in their communities. Through the CDRLF, which is funded by congressional appropriations administered by the NCUA, the agency provides financial support in the form of technical assistance grants to LICUs serving predominantly low-income members.

The NCUA expects to award approximately \$125,000¹ for the Minority Depository Institution 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. These grants 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.

Critical Dates

May 1, 2020 – The application period opens at 9 a.m. Eastern. Applications are available electronically through the [NCUA's CyberGrants System](#).

June 25, 2020 – Last day to contact the NCUA staff with inquiries regarding this grant. All questions should be submitted by email at CUREAPPS@ncua.gov.

June 30, 2020 – All applications must be submitted by 11:59 p.m. Eastern. Applications are available electronically through the [NCUA's CyberGrants System](#).

August 31, 2020 – The NCUA will notify applicants and announce awards by email from CUREAPPS@ncua.gov and through an official NCUA press release.

*All dates are subject to change.

Administrative Requirements

¹ The NCUA reserves the right to adjust the amount of awards as the availability of funds may change.



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

1. Ensure your low-income designation is active.
2. Obtain a Data Universal Number System number.
3. Activate a System for Award Management account.

Low-Income Designation

A low-income designation from the NCUA is required to apply for the NCUA's CDRLF programs. State-chartered credit unions must have the equivalent low-income designation from their respective state supervisory authority. For information on how to obtain the LID, visit [the low-income designation information page](#) on NCUA.gov.

Data Universal Number System

The DUNS number is a unique nine-character number used to identify your organization. The federal government uses the DUNS number to track how federal money is allocated. You can obtain a DUNS number by visiting the [Dun & Bradstreet \(D&B\) 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.

System for Award Management

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. An active SAM account status and CAGE number are required to apply for a CDRLF grant. Credit unions that have an existing registration with SAM must recertify and maintain an active status annually. The SAM registration and recertification process is available at no charge. 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](#).

Program Guidelines

This section explains details about the purpose, eligible project activities, required



application information, selection process, and eligible/ineligible expenses for the MDI Mentoring initiative.

Initiative Characteristics

- The proposed project must be for a newly formed mentorship. For example, a credit union that has mentored a Mentee credit union in the past cannot receive funding to continue that existing or past mentorship.
- The Mentor credit union may not provide services to multiple Mentees under a single award.
- The Mentor credit union must sign a contractual agreement not to merge with the Mentee for a defined period following the mentorship.
- The Mentee credit union is responsible for submitting the grant application.
- Mentee credit unions with assets less than \$100 million will receive priority consideration during the application review.
- The project period will begin January 1, 2021 and conclude December 31, 2021. (subject to change).

- Awardees and their mentors must commit to participating in a cohort during the project period. The cohort will receive training and technical assistance from the NCUA throughout the project period.
- The maximum grant amount is \$25,000.

Eligibility Requirements

To apply for this grant, the Mentee must meet each of the following requirements:

- Have a low-income designation granted by the NCUA or a similar state designation confirmed by the NCUA;
- Qualify for and have an MDI designation as of the June 30, 2020 Call Report cycle (the MDI designation is a self-identification process completed by the credit union through the CU Online Profile); and
- Have a CAMEL Composite rating of 3 or better AND not more than one CAMEL Component rating of 4.

The Mentor credit union must meet the following requirements:

- Have a low-income designation granted by the NCUA or a similar state designation confirmed by the NCUA; and



- Have a CAMEL Composite rating of 3 or better AND not more than one CAMEL Component rating of 4. Credit unions with more than one CAMEL Component rating of 4 or one Component rating of 5 are not eligible to participate.

Selection Process

The evaluation and selection process includes the following steps:

Step 1: Eligibility Review

The NCUA will review each application to determine if the participating credit unions (both Mentor and Mentee) meet the eligibility requirements. The NCUA will only accept applications submitted by the Mentee credit union. Applications submitted from the Mentor are ineligible. Credit unions that do not meet the eligibility requirements are unable to 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 reports and findings from an audit if deemed necessary by a reviewer. Some credit unions may not proceed to Step 3, depending on the results of the compliance review.

Step 3: Project Objective Review

The NCUA will use narrative responses and information from the application to determine whether the proposal aligns with the goals and objectives of the initiative. Each application will be scored using a consistent merit review framework. The merit review framework will focus on the applicant's ability to demonstrate a well-developed plan for the mentoring assistance it would receive. Mentee credit unions with assets of less than \$100 million will receive a scoring preference during the merit review.

Step 4: Award Selection

The NCUA will award up to five of the highest-scored applications based on various factors such as the request amount, funding availability, and the results of the compliance review.

Required Application Information and Materials

The completed application requires the following information. Provide a detailed response to relevant questions and information requests. The NCUA may request additional information and materials from credit unions if necessary.

- **Project Title** – Provide a title for the proposed project (100 character max.).



- **Project Objective** – Identify the area or type of guidance needed by the Mentee:
 - Consulting;
 - Operational Guidance;
 - Training;
 - Other (please identify).
- **Request Amount** – Enter the amount your credit union is requesting for the initiative. MDI Mentoring grants are capped at \$25,000.
- **Total Projected Cost of the Project** – Enter the total projected cost for the proposed project.
- **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 (At least 500 characters are required, 2,000 character max).
- **Cohort Participation** – Indicate whether the Mentee and Mentor credit unions are willing to participate in a cohort program throughout the project period. A cohort of awardees and their mentors will receive technical assistance and training from the NCUA. Participation in the cohort is a mandatory condition of the award.
- **Statement of Need** – Explain the challenges faced by the Mentee credit union and how they will be addressed in the mentoring relationship (2,000 character max).
- **Benefit to the Mentee** – Explain how the Mentee will benefit from the guidance of the Mentor credit union (2,000 character max).
- **Capability of the Mentor Credit Union** – Explain how the Mentor is suited or qualified to address the needs of the Mentee.
- **Information about the Mentor Credit Union** – Provide the organization information about the Mentor credit union, such as the Name, Charter Number, and Location.
- **Project Narratives** – The applicant must use the narratives below to discuss how the project will address the challenges faced by the Mentee credit union.
 - Explain how the mentoring relationship will be formed between both credit unions. Describe the project activities and strategies that will support the expected outcomes. Explain the roles of each credit union in the project activities (2,000 character max).



- Explain how each project activity is going to be executed between the two credit unions and any other potential partners. Discuss the roles of each party involved. Describe any partnerships that come into play (2,000 character max).
- Identify the staff/volunteers involved in the project at both credit unions. Include the staff qualifications, number of hours to be dedicated to the project, and the delivery format for the mentoring guidance needed by the Mentee. List and explain any digital tools or platforms you will use for the project (2,000 character max).
- **Project Deliverables** – Identify metrics by which the success of the project can be measured. Describe the outputs (activities, products, or services to be delivered) and outcomes (expected benefits or other positive changes) to be received by your credit union (Mentee). Every output and outcome should clearly address the following:
 - Who will complete the output or will be the beneficiary of the outcome?
 - What is the activity or result expected to be achieved?
 - By what date will the output be delivered and the outcomes be effective?
 - How much will be done or accomplished? Outputs must be easily measurable.
 - How will you know the result was achieved?
- **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 12.
- **Contractual Agreement** – As part of its application to the NCUA, the Mentee must include a signed contractual agreement with its Mentor. 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 in order to determine best merger partner.

Eligible Expenses

Funds may only be used for expenses directly related to facilitating a new mentoring



relationship. The following non-exhaustive list includes 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/Mentee (limited to 25 percent of the award amount).
- 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/information technology.
- 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. Some examples of an acceptable collaborative arrangement includes the following:
 - Facilitating and providing access to an expanded ATM network;
 - Providing technical assistance on credit union investments portfolios;
 - Providing data processing services; and
 - Bulk purchasing office supplies.

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.

- Expenses eligible for reimbursement must be incurred after the grant application is approved and before the grant commitment expires, unless told otherwise by the NCUA in writing.
- All expenses must be directly related to the specific grant initiative that was approved. Changes to an initiative will not be allowed and any subsequent expenses not related to the approved initiative will be denied.



- Credit unions unsure about the eligible expenses associated with the project are encouraged to notify 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.
- For expenses not described in this document, the CDRLF follows the cost principles in 2 C.F.R., part 200, subpart E.
- Proof of purchase and proof of payment must be submitted with the reimbursement request.
- The NCUA will only reimburse eligible projects and expenses up to the total grant limit for the initiative.
- Applicants are required to follow the [NCUA Letter to Credit Unions 01-CU-20](#) regarding “Due Diligence Over Third Party Service Providers.” 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

All credit unions should avoid using grant funds on the following ineligible expenses:

- Marketing Expense Limitations:
 - In order for marketing expenses to be allowable, it must state marketing as an allowable expense under the grant initiative. For those initiatives, marketing expenses must be associated with the grant project and are limited to 25% of the total grant. For example, a \$25,000 grant is limited to an \$6,250 reimbursement in eligible marketing expenses.
 - General marketing expenses for the credit union’s normal operations are not permitted.
- Travel Expense Limitations:
 - In order for travel expenses to be allowable, it must state travel as an allowable expense under the grant initiative. For those initiatives, travel expenses must be associated with the grant project and are limited to 10 percent of the total grant. For example, a \$4,000 grant is limited to a \$400 reimbursement in eligible travel expenses.



- Meals and incidental expenses and resort fees related to travel are never considered allowable.
-
- The following represent conflicts of interest, and as a result 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:
 - The NCUA or other government agency employee expenses.
 - Projects/contracts based on covered relationships with the NCUA employee(s).

CDRLF Grant Budget Example

The Project Budget specifies the resources required to carry out the proposed project. This is the backbone of the grant application. Project activities must drive the budget, and the project narrative should align with the budget. The Project Budget should be clear, well-organized, and easy to understand. Consider using an excel spreadsheet for



more detailed categories.

The Budget Narrative is the justification of “how” and/or “why” a line item helps to meet the project goals. 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’s reviewers understand the scope of the credit union’s project. Because this example is purposely generic, the credit union may choose to be more or less elaborate accordingly. The Budget Narrative should address the largest categories of expense and revenue in the project budget.

Be realistic. Significant over- and underestimating suggests the credit union may not understand the scope of the project.

1. Expenses

Significant Line Item Descriptions – *Describe each significant line item, showing how amounts were derived and explaining how the line item relates to the project. Also, explain how the line item will help the credit union in administering the project.*

- Technology System: \$50,000

One-year implementation fees to license a technology system that connects the underserved members with employment and financial services at the same time. The system will be responsible for collecting data about the underserved population and delivering the notifications to the members.

- Project Evaluation: \$25,000

A consultant will track and evaluate the project and provide recommendations for program improvement, potential revenue streams, and additional outreach activities. The consultant will also create a final report that documents the impact of the project. In addition, the consultant will develop a model that can be self-sustainable and transitioned into a program. The consultant will also develop a plan that can help expand the program to other underserved populations and communities. The consultant will be paid \$1,400 per month for the 18 months we expect the project to run.

- ...continue to describe the categories of expense for the project...

TOTAL: \$75,000

2. Revenue Sources



Pending and Pledged Funding – *Discuss the status of grant requests or pledges from other funders and the overall likelihood that the project budget can be raised within the 12-month grant period.*

- Our credit union has the following funding pledges pending:

The City of ABC Local Government Grant \$5,000

DEF Foundation \$10,000

TOTAL: \$15,000

- The following support has been committed:

My Credit Union (own funds) \$10,000

GHI Credit Union (other credit union that is a partner) \$10,000

JKL Foundation \$5,000

John Doe (Generous Donor) \$5,000

TOTAL: \$30,000

- The proceeds from an annual fundraiser have been committed to this project. The fundraiser will be held three months after the project start date:

Projected proceeds from the fundraiser is \$5,000

TOTAL: \$5,000

- At this time, about 60 percent of the total \$75,000 budget has been pledged or received. We received strong indications that all pending funds will materialize. We will know for certain within the first month of the project start date.

Pending funding \$15,000

Committed funding \$30,000

Fundraiser proceeds \$5,000

TOTAL: \$50,000

Our request from the National Credit Union Administration for \$25,000 would complete the credit union's \$75,000 total project budget.



3. **Sustainability** – *Discuss how the credit union intends to sustain the project beyond the end of the grant period.*

The Project Evaluation component of our project is specifically designed to address sustainability, with future funding recommendations a required part of the project's evaluation. In addition, the technology service will help generate and increase revenues so we can transition the project to a full-scale program.

Terms and Conditions

All credit unions are required to certify the following terms and conditions in the NCUA's CyberGrants system prior to submitting an application:

- The Applicant is a low-income-designated credit union, as defined in Section 701.34 of the NCUA's Rules and 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. Applicants that hold less than \$750,000 in federal awards are exempt from this law.
 - 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, 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: (1) 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 (2) 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).

- 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, 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, 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 extend 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 CFR § 200.315 and may be made publically 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).



Regulatory Guidance

Credit unions are expected to follow the Office of Management and Budget's Uniform Guidance at 2 C.F.R. part 200. Refer to the following link for the full text:

<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=02748a1e7fab41711ba2b063bc8eb05&ty=HTML&h=L&mc=true&n=pt2.1.200&r=PART>

Reporting 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. Failing 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 the update. Status updates are a deliverable for some grants and should be completed whether or not work has occurred on your project. 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, 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 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 CDFI 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:

<https://www.ncua.gov/services/Pages/resources-expansion.aspx>

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 48 to 72 hours for a response. Below is the contact information for other service areas of CURE.

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