



NCUA
National Credit Union Administration

Minority Depository Institutions Mentoring Pilot - Application Guidelines

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MDI Mentoring Pilot Initiative • 2019

Table of Contents

Introduction	2
Program Guidelines	3
• Eligibility Requirements	3
• Application Characteristics	3
• Timeline	4
• Required Application Information and Materials	4
• Use of Funds	5
• Selection Process	5
General Guidance	7
• Administrative Requirements	7
• Reporting Requirements	8
• Expense Guidelines	9
• Project Budget Example	9
• Getting Help	11



MDI Mentoring Pilot Initiative

Introduction

The purpose of the Community Development Revolving Loan Fund (CDRLF) program is to assist low-income designated credit unions in providing basic financial services to their members to stimulate economic activities in their communities. Through the CDRLF program, the NCUA provides financial support in the form of technical assistance grants to low-income designated credit unions serving predominantly low-income members. The CDRLF program consists of Congressional appropriations that are administered by the NCUA.

There is significant overlap between the populations served by low-income designated credit unions and minority depository institutions (MDIs). To qualify as a minority depository institution, a federally insured credit union's percentage of potential minority members, current minority members, and minority board members must each exceed 50 percent. The NCUA's CDRLF program provides technical assistance grants that support low-income designated MDIs and increase their ability to serve low-income and underserved populations.

The MDI Mentoring Pilot is designed to encourage mentor relationships between larger low-income designated credit unions (Mentors) and small MDIs (Mentees). Through such relationships, the NCUA can help small MDIs receive needed technical assistance.

The MDI Mentoring Pilot will explore the feasibility of this grant initiative through small scale trials. The objective is to determine whether this initiative is appropriate and ready for full-scale deployment.

The purpose of the MDI Mentoring Pilot 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. This grant 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.



Program Guidelines

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 a minority depository institution designation as of the June 30, 2019 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. Credit unions with more than one CAMEL Component rating of 4 or one Component rating of 5 are not eligible to participate.

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.

Application 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.
- Project period up to 12 months (subject to change).
- The maximum grant amount is \$25,000.
- Three to five of the highest scored applications will be selected to receive up to \$25,000 (subject to change).
- 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.



Timeline

The following dates are subject to change.

- The NCUA will begin accepting applications on **August 18, 2019, at 9 a.m. Eastern**. Applications are available electronically through the [NCUA's CyberGrants portal](#).
- The last day to contact NCUA staff with inquiries about this grant is **September 25, 2019**. All questions should be submitted by email to CUREAPPS@ncua.gov.
- Applications must be submitted by **September 28, 2019, before 11:59 p.m. Eastern**.
- The NCUA will notify applicants of the final decision and announce the award finalists by **November 1, 2019**.
- Awardees may begin their mentorships no sooner than **January 1, 2020**.

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.
- **Proposal Narrative** – Provide a description of how the mentorship will be formed between the credit unions. Clearly define the goals of the mentorship and the expected outcomes. Explain how the project activities will be coordinated between both credit unions. Explain the terms of the mentorship including staff/volunteers involved at both credit unions, staff qualifications, the number of hours to be dedicated by staff/volunteers of both credit unions, and format for delivery of the guidance needed.
- **Information about the Mentor Credit Union** – Provide the organization information about the Mentor credit union such as the Name, Charter Number, and Location. Explain why the Mentor is best suited or qualified to address the need(s) identified by the Mentee.
- **Project Deliverables/Outcomes** – Identify measurable deliverables and outcomes to be received by the Mentee. Discuss how the mentorship will benefit the Mentee. Describe any training or other materials to be furnished by the Mentor.
- **Project Budget/Anticipated Expenses** – Identify the expense categories the credit union plans to use the grant for and outline them in a project budget (see project budget guidance, page 9).
- **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 5 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.

Use of Funds

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/IT.
- 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.

Selection Process

The evaluation and selection process includes the following steps. Below is a description of each step.

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. 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: Merit 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 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.





General Guidance

Administrative Requirements

Before getting started on the application, the Mentee credit union is responsible for completing each of the following administrative requirements and submitting the application. The NCUA's CyberGrants portal will not recognize credit unions that have not successfully fulfilled each requirement. The process to obtain and satisfy each requirement listed below is free of charge.

- Have an active low-income designation;
- Obtain an Employer Identification Number (EIN) and a Data Universal Number System (DUNS) number; and
- Have an active System for Award Management (SAM.gov) account status.

Low-Income Designation

A low-income designation from the NCUA is required to apply for 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 designation, visit the [NCUA's website](#).

Employer Identification Number (EIN)

Each application must include the credit union's valid and current EIN issued by the U.S. Internal Revenue Service (IRS). For more information, go to the [IRS website](#).

Data Universal Number System (DUNS)

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. To obtain a DUNS number, go to the [Dun & Bradstreet \(D&B\) website](#) or call 1-866-705-5711.

System for Award Management (SAM.gov)

SAM.gov 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.gov account is required to apply. Credit unions that have an existing SAM.gov account must recertify annually to maintain an active status. To register, follow the [SAM.gov Quick Start Guide](#) instructions.



Reporting Requirements

Credit unions that are approved for funding will be responsible for the complete and timely submission of the post award requirements. This includes, but may not be limited to, signing a grant agreement, submitting periodic progress reports, and completing a reimbursement request. The NCUA will establish post award guidelines to identify the required deliverables that credit unions must provide to successfully complete all post award reporting requirements.

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 in the approval letter. Failing to complete the agreement within the specified timeframe will result in the grant being withdrawn from the credit union.

Progress Report:

The NCUA will notify the credit unions that are required to submit a quarterly progress report by email. This will include the deadline to complete it. Progress reports are a required deliverable for this grant and must be completed whether or not work has occurred on your project. Not submitting a complete progress report by the applicable deadlines will result in any subsequent reimbursement request being delayed or denied. Progress reports should reflect implementation activities for the duration of the project thus far and include the reporting metrics requested by the NCUA. The anticipated quarterly progress reporting periods will run from January 1 to March 31, April 1 to June 30, July 1 to September 30, and October 1 to December 31.

Reimbursement Request:

The final post award requirement is the submission of a 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 before the expiration date specified in the grant agreement. In general, the reimbursement request will consist of all or a combination of the following items: (i) evidence of expenses, (ii) project related documentation, (iii) a summary of project accomplishments and outcomes, or (iv) a certification form signed by a credit union official (e.g. CEO, manager, or Board Chairperson) authorized to request the reimbursement and make certifications on behalf of the credit union. The specific requirements may be subject to change but will be fully defined in the post award guidance provided to grant awardees.



Expense Guidelines

All credit unions must adhere to the following expense guidelines:

- 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 project that was approved. Any subsequent expenses not related to the approved project will be denied.
- In the event that a credit union is unsure about the eligible expenses associated with the project, credit unions are encouraged to notify the NCUA in writing prior to incurring the expenses. This will help avoid issues at the time of a reimbursement request submission. Inquiries can be emailed to CUREAPPS@ncua.gov.
- For expenses not described in this document, the CDRLF program follows the cost principles in 2 C.F.R. part 200 Subpart E.
- 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 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.
- Documentation submitted as evidence of purchase and payment must be billed to and paid by the Mentee credit union.
- Reimbursements will be made to the awardee credit union only. The NCUA will not disburse reimbursable expenses directly to an individual or credit union official.

Project 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, realistic and easy to understand. Consider using a 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. The goal of the Budget Narrative is to help the NCUA’s reviewers understand the scope of the credit union’s project. It should address the largest categories of expense and funding sources, explain the details and show the calculations used to arrive at the final budget (quotes and proposals from vendors are also acceptable). The Budget Narrative should validate all expenses as reasonable and appropriate for the project.



Expenses

Describe each significant line item expense, show how amounts were derived and explain how the line item relates to the project. Also, explain how the line item will help the credit union administer the project. For example, refer to the following bullets:

- **Technology System: \$50,000**
One-year implementation fees to license a technology system that will connect credit union members with affordable and high-quality financial services. The system will be responsible for collecting financial health data on credit union members and delivering specialized notifications to their mobile devices.
 - **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 significant line item expenses for the project.
- TOTAL: \$75,000**

Other Funding Sources

Discuss the status (if any) of grant requests or pledges from other funders and the overall likelihood that the funds will be raised within the 12-month grant period. For an example, refer to the following bullets.

- Our credit union has the following pledges pending:
 - The City of ABC Local Government Grant \$10,000
 - DEF Foundation \$10,000
 - 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
 - At this time, about 60 percent of the total \$75,000 budget has been pledged or received. We received strong indications that all pending pledges will materialize. We will know for certain within the first month of the project start date. Our request from the National Credit Union Administration for \$25,000 would complete the credit union's \$75,000 total project budget.
- TOTAL: \$50,000**



Getting Help

For answers to common credit union questions, you can use the NCUA's [FAQ+ tool](#). FAQ+ is designed to serve the credit union community by directing users towards resources on subjects of their choosing. If you have a question whose answer is not in our knowledge base, just submit it, and we will get back to you with an answer, generally within two business days.

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 two to three business days for a response.
