APPLYING FOR SECONDARY CAPITAL

PROCESS OVERVIEW
SECONDARY CAPITAL APPLICATION PROCESS OVERVIEW

**Apply for + Secure Investments**
- Federation’s Community Development Investment Program
- 3-4 Funding Rounds/Year
- Round Open: 6-8 Weeks
- Funding Decisions
- 3-4 Weeks Post-Application Deadline
- Completed Application
  - Business + Community Impact Plan
  - Financial Projections for Full Requested Term

**Submit Secondary Capital Plan**
- NCUA Regional Director
  - (State Chartered CUs may also need to submit to State Examiner)
  - Up to 45 Days for Initial Response
- Secondary Capital Plan [see 701.34]

**Closing Documents and Funding**
- Federation’s Community Development Investment Program
- 2 weeks to 3 Months
  - Depends on satisfaction of any outstanding conditions and return of closing documents
- NCUA: Disclosure & Acknowledgement Form (see Appendix to 701.34)
- Federation CDIP:
  - Loan Agreement, Promissory Note, Disclosure & Acknowledgement Form, Board resolution
## BUSINESS AND COMMUNITY DEVELOPMENT PLAN

<table>
<thead>
<tr>
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<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Executive Summary, including summary of growth strategy.</td>
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<tr>
<td>2</td>
<td><strong>Credit Union Description.</strong> History, Current Field of Membership, Organization and Management</td>
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<tr>
<td>3</td>
<td>Market Analysis</td>
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<td>4</td>
<td><strong>Loan Products and Development Services + Growth, Delivery and Outreach Strategies.</strong></td>
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<tr>
<td>5</td>
<td>Community Development Impact Plan</td>
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<tr>
<td>6</td>
<td><strong>Financial Projections.</strong> Account for the full requested term of the loan and demonstrate, inter alia, proper accounting for the secondary capital loan, interest payments on the loan (minimum debt-service coverage ratio of 2.5 post loan), include assumptions.</td>
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# COMMUNITY IMPACT PLAN

## Examples of Impact Products and Services

<table>
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<tr>
<th>Development Services</th>
<th>High Impact Consumer Lending</th>
<th>Capital Intensive Community Development Activities</th>
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</table>
| • Financial Counseling/ Housing Counseling  
  • Financial inclusion and outreach to target populations including immigrant, older Americans, people with disabilities and/or other underserved population  
  • Savings and asset building programs  
  • EITC/ VITA | • Affordable small dollar/ emergency loans (alternatives to predatory products)  
  • Credit Building  
  • Debt Consolidation  
  • Workforce or transportation related lending (e.g., Wheels to Work)  
  • Consumer loans | • Affordable Home Mortgage Lending  
  • Microfinance and Small Business Lending  
  • Community Facilities  
  • Non-Profit Lending |

*Make sure to include intended results, benchmarks and indicators of success.*

**Example:**

**Target issue:** Financial services to immigrants and new Americans

**Sample Benchmarks and Metrics Tracked on Investment:**

- New Accounts Opened/ Previously Unbanked Members:
- Loans originated:
NCUA REGULATIONS 701.34
SECONDARY CAPITAL PLAN REQUIREMENTS

i. State the maximum aggregate amount of secondary capital you plan to accept;

ii. Identify the purpose for which the aggregate secondary capital will be used, and how it will be repaid;

iii. Explain how you will provide for liquidity to repay secondary capital upon maturity of the secondary capital loans;

iv. Demonstrates that the planned uses of secondary capital conform to your strategic plan, business plan and budget; and

v. Include supporting pro forma financial statements, including any off-balance sheet items, covering a minimum of the next two years.