

§ 1805.700

12 CFR Ch. XVIII (1–1–99 Edition)

grant. The terms and conditions of financial assistance will be determined by the Fund.

(d)(1) In the case of an Insured Credit Union Applicant, retained earnings that can be used for matching funds purposes shall consist of:

(i) The increase in net capital that has occurred over the Applicant's most recent fiscal year;

(ii) The annual average of such increases that has occurred over the Applicant's three most recent fiscal years; or

(iii) The entire net capital that has been accumulated since the inception of the Applicant provided that the conditions described in paragraph (d)(4) of this section are satisfied.

(2) For the purpose of paragraph (d)(4) of this section, net capital shall be comprised of "Regular Reserves", "Other Reserves" (excluding reserves specifically dedicated for losses), and "Undivided Earnings" as such terms are used in the National Credit Union Administration's accounting manual.

(3) Such retained earnings can be used to match a request for a capital grant. The terms and conditions of financial assistance will be determined by the Fund.

(4) If the option described in paragraph (d)(1)(iii) of this section is used:

(i) The Assistance Agreement shall require that:

(A) An Awardee increase its member and/or non-member shares by an amount that is at least equal to four times the amount of net capital that is committed as matching funds;

(B) Such increase be achieved within 18 months of the last day of the month prior to the month in which the Applicant is selected to receive assistance; and

(C) Such increase be maintained for the period of time covered by the Comprehensive Business Plan;

(ii) The Applicant's Comprehensive Business Plan shall discuss its strategy for raising the required shares and the activities associated with such increased shares; (iii) The level from which the increases in shares described in paragraph (d)(4)(i) of this section will be measured shall be the greater of the level of shares as of:

(A) The end of the calendar year immediately preceding the applicable application deadline; or

(B) The last day of the month prior to the month in which an Applicant is selected to receive assistance; and

(iv) Financial assistance shall be disbursed by the Fund only as the amount of increased shares described in paragraph (d)(4)(i)(A) of this section is achieved.

(5) The Fund will allow an Applicant to utilize the option described in paragraph (d)(1)(iii) for matching funds only if it determines, in its sole discretion, that the Applicant will have a high probability of success in increasing its shares to the specified amounts.

(e) An Applicant may only use retained earnings to meet the matching funds requirements if it has liquidity (as determined by the Fund) in amounts that are equal to or greater than the amount of retained earnings that is proposed for use as matching funds. In assessing an Applicant's liquidity for the purposes of this paragraph (e), the Fund may exclude any amounts that it determines are not available to promote an Awardee's performance goals and the purposes of the CDFI Program.

(f) Retained earnings accumulated after the end of the Applicant's most recent fiscal year ending prior to the appropriate application deadline may not be used as matching funds.

Subpart G—Applications for Assistance

§ 1805.700 Notice of Funds Availability.

Each Applicant shall submit an application for financial or technical assistance under this part in accordance with these regulations and the applicable NOFA published in the FEDERAL REGISTER. The NOFA will advise potential Applicants on how to obtain an application packet and will establish deadlines and other requirements. The NOFA may specify any limitations, special rules, procedures, and restrictions for a particular funding round. After receipt of an application, the Fund may request clarifying or technical information on the materials submitted as part of such application.