

CDCI ANNUAL USE OF CAPITAL SURVEY - 2013



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alternatives Federal Credit Union

Person to be contacted regarding this report:	Tristram Coffin	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1402	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,234,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	23283
Date Funded (first funding):	N/A	City:	Ithaca
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Alternatives mortgage loan portfolio grew by 10.8% in 2013. Overall, our lending portfolio grew by 7.2%, a rate far greater than national averages
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The majority of our loan growth occurred in mortgage lending, where we funded over \$11 million in new home loans by focusing primarily on innovative programs to reach first time homebuyers.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	With our strong capital position we are able to effectively encourage savings and compete for new deposits. Our members' savings balances grew by \$2.2 million in 2013

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As a result of this capital infusion, we were able to maintain our presence in the home and small business lending marketplace, providing a needed source of capital to under-served aspiring home buyers and entrepreneurs. In the absence of these funds, we would be constrained in our ability to meet the demand for these types of financing, and would need to increase our reliance on secondary market financing for which many of our members would be ineligible.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As a result of this financing, we were able to continue growing our loan portfolio at a rate substantially above that of peers, especially in the area of home lending. With levels of loan delinquency less than half of traditional mainstream banks, Alternatives has proven to be adept at meeting the credit needs of low and moderate income borrowers. Nonetheless, in the absence of this capital it would be financially imprudent to add mortgage loans to our balance sheet. With a stronger capital position, our financial modeling shows that we are very well positioned to withstand the impact of potential interest rate increases on our growing portfolio. As a result, in 2013 we hired and trained additional lending staff in our mortgage and consumer lending departments. These efforts have increased our capacity to extend opportunity by providing local capital to individuals and business owners who would otherwise be under-served.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The CDCI investment enabled us to promote thrift and maintain our rates for savings depositors at levels competitive with other local institutions. In some instances, we have created pilot programs to offer a savings incentive to low income clients. For example, we offer a certificate rate well above market for clients of our free tax preparation program who wish to save and not spend their refund. Our capital position allows us to incentivize savings by ensuring that our capital/asset ratio will remain at well capitalized levels.

CDCI funds allow us to build on our effectiveness in helping people outside the financial system become successful savers, borrowers, and owners of assets. The combination of our financial strength and programmatic successes encouraged the Board of Directors to endorse a new strategic plan which supports growth of our business to work toward creating empowered communities with financial freedom for everyone. CDCI Capital is integral to our vision for future growth.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.