

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2012**



**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Santa Cruz Community Credit Union

Person to be contacted regarding this report:	Beth Carr	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1438	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,828,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	64029
Date Funded (first funding):	Sep 24, 2010	City:	Santa Cruz
Date Repaid <sup>1</sup> :	N/A	State:	California

<sup>1</sup>If 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.	Santa Cruz Community Credit Union increased our business lending due to the infusion of the CDCI funds.
<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 major types of loans within Santa Cruz Community Credit Union business lending included commercial real estate, business expansion, working capital and permanent capital.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The Credit Union has increased reserves for non-performing loans due to delinquencies and some stress in the real estate portfolio. Certain borrowers and our community are still struggling to improve from this slow prolonged recovery.
<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	The CDCI funds have increased our net worth and capital ratio. We expect to do even more lending when the market and demand increases.

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

Beginning in January 2012, the CDCI funds provided the support and stability to continue to provide services to the community, specifically in lending. The funds proved to be an important strategic decision and support to the Credit Union as it experienced impact to capital due to a flat lending environment and the continued poor recovery and economic conditions in our region; the prolonged slow recovery in this geographic area, created continued hardship for many of Santa Cruz Community Credit Union's long-time borrowers. The capital infusion has allowed SCCCUCU to continue to have capital above 7% and to continue to lend and provide support to the community.

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

Santa Cruz Community Credit Union was able to take action in using the infusion of the CDCI funds in several key areas. First, we used capital funds to increase reserves for non-performing assets, as long-time borrowers in the community, continued to struggle during a very slow economic recovery. Second, we had an increase in charge offs as the slow recovery took its toll on both small businesses that could no longer wait for economic recovery and community members in affordable housing, who were unable to continue to pay due to loss of income or reduction in income. SCCCUC used CDCI funds also to fund charge offs.

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

Santa Cruz Community Credit Union was able to use the capital infusion of CDCI funds to continue to lend to small businesses and start-up businesses during a time when other financial institutions were not able to lend or were slow to lend to small businesses. This was evidenced by the Credit Union being one of the top SBA lenders in Santa Cruz County in 2012. In addition, we were able to refer more small businesses to Surepath Financial Solutions, a non-profit consumer credit counseling agency for this region as well.

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.