



**CDCI ANNUAL USE OF CAPITAL SURVEY - 2014**

**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 <sup>1</sup> :	N/A	State:	New York

<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.	Alternatives loan portfolio grew by 7.9% in 2014, a rate well above that of peers.
<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.).	Most loan growth was concentrated in consumer lending. Alternatives' consumer loan portfolio grew by 22.2% in 2014. New products introduced included an emergency loan to people with unexpected financial hardships, as well as expanded financing for used autos.
<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	Each dollar in capital received allows the credit union to take on fourteen dollars of additional deposits while meeting required capital ratios. These savings dollars provide enhanced economic security for low income savers while providing loan capital to support mortgage and business lending.

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

As a result of the CDCI capital, we did not have to turn away deposit and loan requests during a time of retrenchment for the entire banking industry. We were able to continue building wealth and creating economic opportunity for under-served people and communities at a time when our services were especially needed. By providing necessary capital to lower income home buyers and small business owners who were disproportionately impacted by the financial crisis and ensuing recession, people in our community were able to avoid some of the collateral damage associated with the mortgage meltdown.

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 have been able to implement a strategy of planned growth. The assets of the credit union have risen from \$70 million at the end of 2010 to just under \$90 million at the end of 2014. We have strengthened our internal operations and expanded our capacity to generate loans. We were able to modernize our technology and increase member access to trained lending and financial counseling staff. This financing has enabled us to meet growing demand for all of our services.

Our business model has proven to be successful. Though we lend to people of modest means, our delinquency and charge off ratios are lower than most banking institutions. The growth facilitated by CDCI capital allows more people to be helped by Alternatives' products and educational services. With a stronger capital position, our financial models show that we are well positioned to withstand the impact of potential rate increases on our growing balance sheet. This has allowed us to increase our mortgage lending activity with a focus on first time home buyers who have completed a savings program to accumulate down payment funds and received financial counseling.

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

CDCI funds allow us to continue our trajectory of growth. Our strong financial position and programmatic success enabled our Board of Directors to initiate a new strategic plan which calls for dramatically increased membership growth in the future. Accordingly, we have begun to research opportunities to expand our reach and delivery systems so that more people will be able to move along a path from being transactors outside the financial system to becoming successful savers, borrowers and owners of assets. CDCI capital is integral to our vision of increased impact.

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.