

Federal Home Loan Bank of Atlanta

Annual Community Lending Plan

For 2008

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Pursuant to Section 944.6 of the regulations for Community Investment Cash Advance (CICA) programs, FHLBank Atlanta (“Bank”) must submit a Community Lending Plan no later than January 31 of each year. This is the Bank’s plan for 2008, which was developed by staff in close consultation and collaboration with the Bank’s Affordable Housing Advisory Council (“Advisory Council”) and adopted by the Bank’s board of directors on November 29, 2007.

Background

In 1999 the Bank conducted an assessment of the community lending needs and opportunities in its district. That assessment highlighted the promise in lower-income communities of community-based development that is linked to financial markets. It recognized the important role that financial institutions play in community economic development. It noted that the organizing function within communities must be performed by organizations other than financial institutions. These other organizations include community development corporations (CDCs), community development financial institutions (CDFIs), cooperatives, and local quasi-governmental development authorities.

That assessment concluded that a variety of elements are needed for economic development to occur: visionary leadership, capable development organizations, funds for planning and organizational support, and dependable sources of long-term, below-market-rate debt financing. The Bank recognized that some of these requirements, such as organizational support and comprehensive planning, are best addressed by other types of organizations.

Recognizing the inherent limitation of its role and mission in implementing community development, the Bank adopted programmatic initiatives that would leverage its support by connecting with other partners who could provide resources needed for community economic development that the Bank does not provide.

Beginning with a \$1.0 million commitment in 1999, the Bank has provided a total of \$5.2 billion (total does not include AHP/FHP) in advances to support CICA programs and initiatives through October 31, 2007.

Response to District Needs

The Bank continuously assesses conditions and opportunities affecting community lending within the Bank’s district. This assessment occurs partially through outreach by Bank staff to members and potential end users of CICA products and services and through on-going input from the Bank’s Advisory Council.

The Bank’s community partners and members need continuous training on CICA programs and updating on the changes to the programs. In a continuing effort to assist our financial institutions in community development lending, Bank staff has increased its visits to individual members across the district to discuss community investment products and how members can use them to make loans for community development projects.

The Bank introduced web-based training via the internet in 2006 and 2007, which allowed more members and project sponsors to participate in training from the convenience of their offices.

Recognizing the need to address the growing housing affordability problem for working families, the Bank devoted the opening general session of its 2007 Annual Member Conference to a discussion of impediments that hinder the production of workforce housing. The session, entitled *Community Partnerships for Workforce Housing*, was conducted by nationally-recognized authorities from the National Association of Home Builders, Trammel Crow Residential, University of Georgia, and the Fairfax County Commission. These participants discussed the complex issue of workforce housing and the leadership role the banking community can play in providing solutions to this national issue. The Community Investment Services staff also provided technical assistance training in the use of the Bank’s community lending products. Staff also explained some of the Bank’s financing tools, which members can use to assist their customers in obtaining safe, non-predatory loans.

The Bank’s Voluntary CICA Programs and Initiatives

In looking toward 2008, the Bank reviewed the history of its voluntary implementation of CICA initiatives to better understand what has worked, where the needs appear greatest, where gaps exist in the delivery system, where opportunities exist for strategic progress, and what challenges confront community development.

This plan helps identify and define ways to meet the credit needs of the Bank's district. The Bank's ability to meet credit needs is linked to the capacity of the system serving those needs. Member institutions and local development organizations are two key elements of that system. The initiatives and strategies in this plan address the capacity of these two sectors.

The Bank has decided to suspend funding for the EDGE and EDGE Opportunity Fund programs for 2008. Suspending these programs in 2008 will give the Bank an opportunity to focus on enhancements to the AHP on-line system, significant revisions to the AHP Implementation Plan, and comprehensive training and outreach strategies for our members and program users.

During 2008, the Bank will continue to offer the CICA program described below.

Economic Development Program (EDP)

The Economic Development Program (EDP) advance is provided to members to support commercial and economic development activity that benefits low- and moderate-income communities.

EDP advances are priced at the Bank's cost of funds plus administrative costs. Loans supported by these advances must be closed three months prior to the date of the EDP advance and/or within six months following the date of the EDP advance.

The member must provide one-time documentation of the loans supported by the advance within six months following disbursement of the advance.

EDP funds must be used by the member to finance activities that meet one of the following criteria:

- Small business loans (as defined by the Small Business Administration)
- Loans in targeted geographic areas (census tract with a median income at or below the targeted income level*; designated low- or moderate-income community; Champion Community; Enterprise Community; Empowerment Zone; Native American Indian area; community affected by the North American Free Trade Agreement ("NAFTA"); an area eligible for federal Brownfield Tax Credits; federal disaster area; or an area affected by a military base closing)
- Loans to businesses that will create or retain jobs for low- or moderate-income individuals (51% with salaries below the targeted income level*)
- Loans to entities that provide services to low- or moderate-income families (51% of the beneficiaries must have incomes below the targeted income level*)

EDP funds may be used to:

- Directly fund loans
- Purchase eligible loans
- Purchase participations in or provide financing to loan consortia that make eligible loans
- Purchase letters of credit
- Make loans to entities that make eligible loans

Bank Policies for CICA Targeted Beneficiaries

For individual beneficiaries, the Bank uses the family median income of the area, as published annually by HUD.

The Bank uses the most recent census tract median income data available on the Federal Financial Institutions Examination Council website, www.ffiec.gov, to determine if a project is located in a neighborhood at or below

* Maximum targeted income level is 115% of the area median income for rural areas, and 100% of the area median income for urban areas.

the targeted income level. Neighborhood eligibility for mobile home parks under the Community Investment Program advance is determined in the same manner.

For qualifying small business loans, the Bank excludes businesses that are excluded by the Small Business Administration under 13 CFR Part 120.110 or any successor provisions.

2008 Quantitative Performance Goals:

In addition to the Bank's primary community investment goal of improving the functionality of its Affordable Housing Program, the Bank will also focus on increasing member usage of its community lending programs. This translates into the following quantitative goals for 2008:

- Offer four community development internet-based training sessions on AHP and hold technical assistance workshops throughout the district to assist members and program users in understanding the new enhancements that the Bank is making to the AHP on-line application and the AHP Implementation Plan. This technical assistance training will increase the number of qualified applicants that meet the Bank's readiness criteria.
- Conduct a community development strategy workshop module at the Bank's Annual Member Conference, which attracts approximately 120 member community financial institutions each year.
- Achieve strategic relationship and business alliance objectives through sponsorship alignment and speaking engagements, service on community development task forces and organizational boards.
- Collaborate with the Bank's Corporate Communications and Government and Industry Relations departments to showcase CIS-funded projects that will develop greater awareness of the Bank's community development contributions.
- In conjunction with the Bank's Advisory Council, survey the members on the effects of the foreclosure crisis in the Bank's district, and explore the role the Bank might play in assisting its members and the nonprofit community in foreclosure prevention and/or mitigation.
- Develop and execute a communications strategy that fosters the concept that the Bank adds value throughout the District.