

## 2008 COMMUNITY LENDING PLAN

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### I. Introduction

The Community Investment Cash Advance (CICA) regulations require each Federal Home Loan Bank to establish a Community Lending Plan. This plan, to be adopted on an annual basis, shall be approved by the Bank's Board of Directors and address the following areas:

1. The Bank's market research within the District;
2. How the Bank will address the unmet credit needs identified within the District; and,
3. How the Bank will establish quantitative community lending performance goals.

### II. Market Study and Needs Analysis

The National Low Income Housing Coalition conducted housing and economic development needs assessment in the Ninth District in August 2006. The data used for this assessment came from both quantitative and qualitative sources. Quantitative data sources include the Census Bureau's annual American Community Survey (ACS), Comprehensive Housing Affordability Strategies (CHAS) data based on the 2000 Census, and the Bureau of Labor Statistics Quarterly Census of Employment and Wages. Qualitative data was gathered from interviews with over 30 local housing experts from the region and observations from Louisiana, Mississippi and Texas during the assessment period. Due to the slow recovery of the Hurricane impacted areas, the decision was made to not conduct a formal market study and needs analysis until 2008.

The Bank will continue to meet with its Advisory Council, community groups, small business development organizations, state housing agencies and Bank members on a regular basis to discuss District needs. In addition, the Bank continues to enhance its marketing and educational activities for both housing and economic development initiatives.

### III. Market Research Analysis Results

Unmet or underutilized opportunities identified within the Bank's District include:

#### **Housing**

1. A continued need for more rental and special needs affordable housing
2. Insufficient Financial Competency
3. Gentrification and High End-End Development Pressures

4. Inadequacy of Wages Relative to Housing Cost
5. "Not In My Backyard" (NIMBY) Attitudes

### **Economic Development**

6. Lack of micro lending for small business and **entrepreneurs**
7. Lack of education and job training
8. Lack of small businesses in the rural area
9. Lack of investment in public transportation
10. Lack of operating costs for non-profits

### IV. Technical Assistance

The Bank provides extensive technical assistance for program users through workshops conducted around the Ninth District, and on a daily basis through telephone and electronic communications. Specific activities include the following:

1. **Members Regional Workshops:** In the spring of 2007, FHLB Dallas conducted five training workshops. These workshops were held in the following locations:
  - a. Dallas, TX
  - b. Baton Rouge, LA
  - c. Little Rock, AR
  - d. Albuquerque, NM
  - e. Jackson, MS
  
2. **Banking Conferences:** Also during 2007, the Bank staff participated in and attended regional banking conferences. Below is a list of conferences attended:
  - a. Arkansas Bankers Association
  - b. Louisiana Bankers Association
  - c. New Mexico Bankers Association
  - d. Tech Mecca Independent Bankers

- e. Mississippi Bankers Association
  - f. Texas Banker Association
  - g. Independent Bankers Association
3. **Technical Assistance:** The Bank staff is available on a daily basis to assist members, nonprofit organizations, local governments, for-profit developers and community groups with assistance for affordable housing and community development projects.

## V. Current Programs

The Bank currently offers the following programs:

- 1. Housing initiatives:
  - a. Affordable Housing Program (AHP)
  - b. Homebuyer Equity Leveraging Partnership (HELP)
  - c. Community Investment Program (CIP)
- 2. Community development initiatives:
  - a. Economic Development Program (EDP)
  - b. Economic Development Program<sup>Plus</sup> (EDP<sup>Plus</sup>)
  - c. Disaster Relief Advances Program
  - d. Partnership Grant Program

## VI. Ongoing Initiatives

The Bank continually assesses the needs of its members, and offers new products and services when market research indicates a need.

- 1. The HELP (Homebuyer Equity Leverage Partnership) and EDP<sup>Plus</sup> Small Business Capital Grant initiatives, launched in February 2002, are two more examples of the Bank's responsiveness to the changing needs of its members as identified through member interaction. HELP was developed following research that showed the biggest barrier to homeownership for many prospective first-time buyers in the Ninth District was the challenge to accumulate enough savings for a down payment. EDP<sup>Plus</sup> was developed to help small businesses address the need for working capital, especially for start-ups and those wanting to expand.

- a. Funds are available for first-time homebuyers for down payment and/or closing costs. (not to exceed \$6,000 per homebuyer).
- b. Homebuyers are required to complete a homebuyer education course.
- c. \$1 million in HELP funds were available in 2007, bringing the total funds committed to this program since inception to \$6 million.
- d. Each member may utilize up to \$60,000 in HELP funds per year.
- e. The Bank intends to commit an additional \$1 million in 2008.

2. EDP<sup>Plus</sup> Overview:

- a. Funds may be used to provide small businesses with working capital for start-up or expansion, and can be used to:
  1. Purchase buildings
  2. Construct buildings
  3. Expand facilities
  4. Purchase machinery and equipment
  5. Pay for closing costs
- b. Funds are allocated to members on a first-come, first-served basis.
- c. Funds must be used in conjunction with an EDP advance and small business owner equity.
- d. \$1 million in EDP<sup>Plus</sup> funds were made available in 2007, bringing the total funds committed to EDP<sup>Plus</sup> since program inception to \$6 million. The Bank intends to commit an additional \$1 million in 2008.
- e. Members may apply for a maximum of \$100,000 in EDP<sup>Plus</sup> grants each year, with up to \$25,000 in funding available for any one small business.
- f. The small business owner must contribute at least 15 percent equity to the EDP advance.
- g. EDP<sup>Plus</sup> grant funds may constitute no more than 15 percent of the EDP advance or \$25,000, whichever is less.

3. Partnership Grant Overview:

- a. Designed to enhance capacity building for community based organizations involved in affordable housing programs and small business technical assistance providers within the district, and can be used to:
  1. Organization capacity building
  2. Assistance in applying for grants
  3. Research and Studies
  4. Contractual Services
- b. Funds are allocated to members on a first-come, first-served basis.
- c. \$225,000 in Partnership Grant funds were made available in 2007.
- d. The Bank intends to commit an additional \$225,000 in 2008.
- e. Member institution cash contribution of \$500-\$5,000 will be match at a 3:1 ratio up to a maximum lifetime grant of \$30,000. No in-kind contributions or donations will be matched.

- f. Eligible community based organizations must have an annual operating budget of \$200,000 or less.
4. Disaster Relief Advances Program Overview:
- a. Designed to finance any project which assists in the recovery efforts in officially declared disaster areas in the Bank's district. The purpose of the program is to help aid families and individuals whose homes or businesses were damaged or destroyed.
  - b. Funds are available for a period up to 90 days following a state or federal disaster.
  - c. Funds can be used for residential and commercial properties, community facilities, equipment, inventory and personal property.
  - d. Advances terms range from overnight up to 30 years.
  - e. Disaster Relief advances are available at 10 basis points below the Bank's regular Economic and Community Development Program rates which are already priced at the Bank's cost of funds.
  - f. Income eligibility limits are expanded to 165% of the area median income.
  - g. Member institutions and their customers that are located in or have branch offices in the officially designated disaster area(s) may borrow under this program.

VII. 2007 Goals

<b>Programs/Actions</b>	<b>2007 Goals</b>
<i>New CICA Advances Funded/LCs Issued</i>	\$265 million
<i>Total CIP/EDP Advances/LC Users</i>	105
<i>New CIP/EDP Projects Funded</i>	220

VIII. 2008 Strategies

1. Expand utilization of CIP and EDP advances and letters of credit.
2. Explore opportunities to collaborate with other funding sources in specific states and communities in the Ninth District to address targeted community development funding needs.
3. Collaborate with the Bank's Corporate Communications and Member Sales Departments to highlight community development funded projects, develop greater awareness of the Bank's community development contributions, and expand community development partnerships with members, public officials, and community leaders.
4. Support members' efforts to rebuild communities damaged by natural disasters and house displaced individuals and families.
5. The 2008 goals will be incorporated into the Plan after they are approved by the Board of Directors.