

FEDERAL HOME LOAN BANK OF ATLANTA
2009 COMMUNITY LENDING PLAN

Executive Summary

The Community Investment Cash Advance (CICA) regulation requires that on an annual basis each Federal Home Loan Bank develop a Community Lending Plan (“Plan”). This Community Lending Plan summarizes the Federal Home Loan Bank of Atlanta’s (“Bank”) recognition of the community lending needs in the Bank’s district and presents the Bank’s 2009 initiatives for “providing financing for affordable housing and economic development projects for targeted beneficiaries.”

The Plan consists of three parts. Part 1 provides a summary of the major current market conditions nationally and in the Bank’s district. Part 2 describes the objectives and process for conducting a comprehensive Community Lending Needs and Market Opportunity Assessment. Part 3 outlines the Community Lending related initiatives and quantitative performance goals for 2009.

In 2008, the Bank significantly increased its efforts to improve the effectiveness of its Affordable Housing Program (AHP). These improvements included a realignment of its operations and a restructuring of its application intake and underwriting process and methodology, significant revisions to the AHP Implementation Plan to promote project readiness, enhancements to the AHP on-line system to implement the aforementioned changes, the introduction of a sponsor certification document, revisions to the AHP Agreement and comprehensive training and outreach efforts for members and program users. This Plan summarizes the steps the Bank will take in 2009 to enable our members to promote economic growth of their local communities, achieve their community development objectives and create new and sustainable business opportunities.

In summary, the Bank initiatives in 2009 will be to:

- 1) Provide Foreclosure Prevention/Recovery Support
- 2) Create a Value Awareness Campaign
- 3) Increase Member Utilization of AHP and CICA Products and Services
- 4) Execute AHP Efficiency and Productivity Improvements

- 5) Conduct Research and Analysis to Determine Ways to Enhance the Suite of Compelling AHP and CICA Products and Services

Part 1: Current Market Conditions and Realities

Market Overview - National

During 2008, the housing market problems extended to the rest of the economy. The sharp drop in home building, the turmoil in the credit and stock markets, and the impact of falling home prices on borrowing and consumer spending all contributed to the economic slowdown. The labor market has deteriorated rapidly in the recent months, raising the risks of even sharper home price declines and higher mortgage delinquencies in 2009.

Estimates from the National Association of Realtors' latest U.S. Economic Outlook projects a negative trend in every one of the leading housing indicator for 2008 vs. 2007:

<u>Leading Indicator</u>	<u>2008 vs. 2007</u>
Existing Home Sales	-11.2%
New Single-Family Sales	-37.2%
Housing Starts	-30.9%
Single-Family Units	-40.0%
Multi-Family Units	-0.3%
Residential Construction	-20.9%
Existing Home Prices	-9.3%
New Home Prices	-7.7%

While sharp reductions in new construction have begun to reduce the supply of unsold new homes, the number of vacant home for sale remains high. Reducing this excess will take some combination of additional declines in prices, a slowdown in foreclosures, further cuts in mortgage rates and a pick-up in job and income growth. Until the inventory of vacant homes is worked off, the pressure on prices will continue. Further price declines will not only increase the probability that mortgage defaults end in foreclosures, but also put a tighter squeeze on consumer spending.

Sources: U.S. Census Bureau, Housing Vacancy Survey, National Association of Realtors, Mortgage Bankers Association, Joint Center of Housing Study of Harvard University and Federal Reserve Bank of Richmond.

Southeast Region – Market Trends

The performance of mortgage and housing market vary significantly across the country, including within the Southeast region. There is good news and bad news in our region. Fortunately, many of the states in the Southeast region have not had the depressed economic conditions of such states as Michigan and Ohio. States in the Southeast region have experienced some of the most rapid population growth and dramatic demographic changes over the past few years when compared to other regions of the country.

The foreclosure start rates for the Southeast region are below the national average. Still, some states, such as Florida and Georgia are experiencing severe problems in major urban centers such as Miami and Atlanta and are experiencing a higher than average increase in their foreclosure rates. Similarly, other parts of the region, such as parts of Maryland, Northern Virginia and Washington DC are experiencing foreclosure challenges. Even areas with low foreclosure numbers have pockets of housing troubles. For example, Charlotte, North Carolina; Columbia, South Carolina and Richmond Virginia all have zip codes with high rates of foreclosures.

The following are metro areas in the Bank's district that are in the top 100 foreclosure markets in the country:

Alabama:	Birmingham/Hoover (75)
District of Columbia:	Washington DC/Arlington/Alexandria (41)
Florida:	Miami (8); Fort Lauderdale (10); Orlando (20); Palm Beach (21); Tampa/St. Petersburg/Clearwater (23); Jacksonville (27);
Georgia:	Atlanta/Sandy Springs/Marietta (11)
Maryland:	Baltimore/Towson (66)
North Carolina:	Charlotte/Gastonia (34); Greensboro/Highpoint (48); Raleigh/Cary (53);
South Carolina:	Columbia (88); Charleston (89); Greenville (100)
Virginia:	Richmond (96)

The Outlook

The Southeast region's strong demographic and population growth fundamentals and the increasing share of first time homebuyers as a percent of the purchase market point to increased housing demand over the next decade. Driven by the higher rates of immigration within the region (five of the twelve fastest growing markets are in the Bank's district), minorities contributed over 60% of household growth. As the share of minorities and immigrants continue to grow in the district, the demand for housing and financial services will increase.

Once the housing markets stabilize, the Southeast region given its economically competitive environment and desirable business climate will increasingly serve minority and foreign-born homebuyers. Housing demand in the region will pick up once the economy begins to

recover, home prices reach bottom and homeownership again becomes an attractive way to build wealth.

Part 2: Needs and Market Opportunity Assessment

Market Assessment – Objectives

In 2009, the Bank will conduct a comprehensive needs and opportunity assessment to better understand the regional characteristics, changing market conditions and credit needs within the Bank's footprint. This market based assessment is meant to provide a factual resource in the planning for the allocation of funds and resources to better serve our members' business needs. Specifically, the objectives of this market assessment include:

- Determining the community lending gaps within the district
- Identifying the district's most critical credit needs
- Evaluating opportunities to target the Bank's financial and technical resources to assist member financial institutions in addressing identified credit gaps
- Reviewing current product/service offering to determine relevance with market realities

Market Assessment - Process

The market assessment will include the use of both primary and secondary sources. Primary sources will include interviews, focus groups, surveys and direct observations. Secondary sources will involve reviewing research and analysis prepared by other third party entities. In conducting research and identifying opportunities, the Bank will consult with members, project sponsors, the Advisory Council, the Board, developers, local governments and public and private housing and economic development organizations within the district.

Part 3: Community Lending Related Initiatives

For Year 2009

Initiatives for 2009:

- **Foreclosure Prevention and Recovery**

In the wake of the ongoing national mortgage crisis, preventing or mitigating foreclosures and facilitating recovery from the damage they cause has become a tremendous challenge for many of our members and the communities they serve.. The Bank views the current rate of mortgage foreclosures as an urgent problem and we plan to address this issue on several fronts in 2009. For example, management is proposing to amend the Bank's AHP Implementation Plan to allocate points for projects that involve foreclosure recovery initiatives and expand the definition of first-time homebuyers to include persons who have lost their homes due to the foreclosure crisis. Management is also proposing to align the Bank's First-time Homebuyers program (FHP) to a district-wide pre-closing and debt management platform intended to provide default prevention counseling to FHP participants. Management is considering ways in which to leverage its sponsorship and event funding to advance the efforts of foreclosure cross-sectoral collaborations (coalitions and tasks forces).

- **Value Awareness Campaign**

In 2009, the Bank's Community Investment Services, Corporate Communications and Government Relations departments will coordinate their efforts with the intent of developing and executing a strategy that will increase awareness and the relevance of the Bank's Community Lending value proposition to members, community and economic development organizations and key influencers within local and state government.

- **Increase Member Utilization of AHP and CICA Products and Services**

Given the current credit environment, the Bank will continue to actively seek opportunities to increase the penetration of community investment product and services

that are beneficial to the business development objectives of our members. Certain quantitatively measured tactics such as the number and effectiveness of member technical assistance workshops and the coordination with the Bank's Sales and Trading group will be developed and implemented.

- **Operational Efficiency and Productivity Improvements**

Continued focus on initiatives to achieve better workflow integration, efficiencies, customer service, and productivity for Community Investment Services programs, operations, processes, compliance, and reporting functions. In 2009, management will launch and implement a comprehensive bundle of performance metrics and business standards intended to achieve the aforementioned objectives.

- **AHP and CICA Products and Services Enhancement Assessment**

In order to better understand the effectiveness of our Community Investment Services suite of products and services, the Bank will conduct an assessment to determine any gaps. The assessment will include a benchmarking of product offerings and their success among other FHLB's, identifying customer and market requirements, setting priorities based on the Bank's strategic objectives and developing an action plan to close any gaps.

- **Quantitative Performance Goals**

In addition to the Bank's community lending initiatives described above, the Bank will also focus on the following quantitative goals for 2009.

- 1) Conduct ten technical assistance workshops throughout the District to assist members and program users in understanding the new policy changes and system enhancements to AHP
- 2) Sponsor seven foreclosure prevention/recovery collaborative seminar (coalitions or taskforces) across the District
- 3) Partner with Sales and Trading to conduct 12 joint member relationship management visits
- 4) Enroll five new first time members or project sponsors in AHP/FHP during 2009 awards