

**FEDERAL HOME LOAN BANK
OF PITTSBURGH**

**COMMUNITY LENDING PLAN
2009**

I. BACKGROUND / RATIONALE

The Federal Home Loan Bank of Pittsburgh (Bank) is pleased to provide its Year 2009 Community Lending Plan (hereinafter "Plan"). The Plan describes the Bank's efforts to assist its members in reaching their housing and economic development goals for the communities they serve. Within this Plan, we provide a summary of the unmet credit needs and market opportunities identified by the Bank for its district, which includes Delaware, Pennsylvania and West Virginia. These findings were derived from a variety of sources, including meetings with members and community stakeholders and research conducted during the preparation of the Bank's 2009-11 Strategic Plan.

On December 28, 1998, the Federal Housing Finance Board (FHFB) passed the Community Investment Cash Advance (CICA) regulation, affecting each of the twelve Federal Home Loan Banks. Under CICA, each Home Loan Bank is required to complete an initial assessment of the credit needs and market opportunities for community lending in its district. The regulation also required each Bank to develop an annual Community Lending Plan on or before January 31st. The Plan must be approved by the Bank's Board of Directors and submitted to the FHFB. While encouraging the Bank to develop new programs and initiatives, the regulation ultimately promotes renewed participation of member financial institutions in the housing and economic development of their communities. Requirements of the Plan are provided below:

A. Development of the plan requires that each Bank:

- ◆ Conduct market research in the Bank's district.
- ◆ Describe how the Bank will address the identified unmet credit needs and market opportunities in the Bank's district for community lending.
- ◆ Consult with its Affordable Housing Advisory Council, member institutions, housing associates and public and private economic development organizations in the district in developing and implementing its Plan.
- ◆ Establish quantitative community lending performance goals.

B. Each Bank must provide its member institutions with an annual notice containing:

- ◆ The identification of CICA programs and other Bank activities that may provide opportunities for a member to meet the community support requirements and to engage in community lending.
- ◆ Summaries of affordable community lending and housing activities undertaken by member institutions, housing associates, nonprofit housing developers, community groups, or other entities in the Bank's district, that may provide opportunities for a member to meet the community support requirements and to engage in community lending.

In response to the requirements set forth within the CICA regulation, the Federal Home Loan Bank of Pittsburgh has implemented four specific initiatives. This report discusses and summarizes these initiatives in the following format:

1. Conduct market research and consultations with bank stakeholders
2. Summarize the credit needs and market opportunities in the district
3. Develop an Action Plan describing intentions to address the credit needs and market opportunities identified during the market research.
4. Create Performance Goals establishing quantitative community lending performance

1. MARKET RESEARCH

The Bank annually conducts research in the Bank's district to identify opportunities for stockholders to increase the availability of affordable housing finance, community development finance, and financial and credit services in underserved neighborhoods and communities. In conducting research and identifying opportunities, the Bank consults with stockholders, housing associates, the Advisory Council and public and private housing and economic development organizations within the district.

- Market research was conducted in 2008 through the use of both primary and secondary sources. Primary sources include interviews, focus groups, surveys and direct observations. Secondary sources involve reviewing research and analysis prepared by other entities. Much of the research was conducted in connection with the creation of the Bank's 2009-2011 Strategic Plan, which includes a detailed analysis of market conditions and credit gaps. The Bank continuously augments its Strategic Plan through research, focus group discussions and consultations. Management explored the potential for new products that could support our members' needs in the area of community and economic development.
- In addition to the 2009-11 Strategic Plan, the Bank commissioned a Research Study by The Reinvestment Fund (TRF) analyzing the impact of the foreclosure and sub-prime lending crisis in the Bank's three state district. The research paper was designed to provide the Bank with current market data derived from a variety of reliable governmental and non-governmental sources.
- The Consolidated Plans for Delaware, Pennsylvania and West Virginia were also reviewed and analyzed. The Consolidated Plans address the critical housing and community development needs faced by each state, provide housing market analysis and summarize the State's methods of distributing funds to local governments and organizations using U.S. department of Housing & Urban Development's (HUD's) four main formula programs:

Community Development Block Grant (CDBG)

HOME Investment Partnerships Program (HOME)

Emergency Shelter Grants (ESG)

Housing Opportunities for Persons with Aids (HOPWA)

2. SUMMARY OF CREDIT NEEDS AND MARKET OPPORTUNITIES

In researching and determining the credit needs and market opportunities in our district, it is important to understand present economic conditions and forecast.

Excerpt from the Bank's 2009-11 Strategic Plan:

ECONOMIC FORECAST

Sparked by record mortgage failures in the subprime market during 2007, the U.S. economy now faces a credit and liquidity crunch of unprecedented magnitude. Many lenders have been reluctant to provide credit to counterparties and have increased the amount of collateral required to back short-term loans. To meet these demands, investors have been liquidating holdings of securities and reducing leverage, having the effect of forcing down security prices. At the same time, some large financial institutions (including GSEs) have reported substantial losses and writedowns, reducing both their available capital and their ability to extend new credit.

The recent turmoil in the markets leaves forecasting at this time with a high level of uncertainty, and the risk of negative growth remains considerable. The most pressing factor in markets today is liquidity/credit risk, a feature that could persist for the entire term of this strategic plan period.

HOUSING

The national real estate market is in turmoil due to a multitude of factors, resulting in an increase in foreclosures and rising delinquency rates. As the housing market meltdown and credit crunch continue to impact the nation's economy, at-risk homeowners face the daunting prospect of mortgage rate resets, delinquency, or outright foreclosure. Economists say the number of foreclosures nationally may soar to one million in 2008 and 2009, approximately double the number in 2007.

While the Bank's district of Delaware, Pennsylvania, and West Virginia has not been affected as severely as other parts of the country, the district's housing market remains vulnerable. A joint committee of Congress estimates that from 3Q 2007 – 4Q 2009 almost 51,000 subprime loans in FHLBank's three states will go to foreclosure, representing a loss of \$2.7 billion in property values. The problem is greater for lower-income and subprime borrowers, but extends to homeowners at all income levels. The foreclosure rate is expected to increase through 2008 and into 2009, and the greatest risk for new foreclosures is subprime ARMs, especially those originating in 2005-2007.

The Bank completed a white paper called *FHLBank Pittsburgh's Analysis and Response to the Foreclosure Crisis* in April 2008. The white paper report provided the following observations:

- The Bank's District will most likely miss the "eye of the storm", but certain areas and segments of the population in the District have and will experience hardship.
- The foreclosure rate in the District is expected to rise in 2008-09, especially for homeowners with subprime ARMs.

- A lack of financial sophistication among some buyers, especially low- to- moderate-income households, is a factor in the increase of nontraditional subprime products and predatory lending.
- The majority of delinquent homeowners do not communicate with lenders, servicers or counseling organizations.
- Housing counseling organizations are on the front line in foreclosure mitigation and lack the capacity to handle the volume of requests for assistance.
- State Housing Finance Agencies (HFAs) are the recognized housing leaders, and all three HFAs in the Bank's District have reached out to the Bank for assistance.
- The next wave in this housing crisis will be at the neighborhood level. Areas with concentrations of foreclosures will suffer decreases in property values and a reduction in their tax base.

The current economic situation has reinforced and amplified the following needs and market opportunities identified through our research:

- ◆ The Bank should seek to address the **critical** housing needs in its district:
 - Special services for the frail elderly.
 - Relief for severely cost-burdened, especially rental housing (households earning less than 50% of median and paying more than 50% of income for housing.) Two-thirds of these households are renters.
 - Focus on homeownership for minorities and in urban areas.
 - Rehab of old housing stock.
- ◆ Many community banks do not have the resources and/or capacity to capitalize on community lending and investment opportunities. The Bank could offer new products and/or services to assist member banks to more fully participate in community development.
- ◆ Communities do not approach revitalization in a holistic manner. Comprehensive Neighborhood Development (CND) is either not done or is inadequate. Leadership, planning, training and capacity-building are critical needs relative to promoting CND.
- ◆ Funding for predevelopment is limited.
- ◆ The lack of modern sewage, water, roads and other infrastructure necessities is still a significant problem in many rural communities. In most cases, the problem is better defined as having very old and underdeveloped systems that can no longer handle the needs of more modern communities.
- ◆ Small businesses are clearly the major provider of employment opportunities within the district. Assistance for start-up and expansion of small businesses is a significant need within the district.
- ◆ There is a clear need to address the lack of available credit for firms located within low-income areas and for minority-owned and women-owned firms regardless of their locations.

- ◆ There are certain transactions that local banks cannot fund. Local nonprofits, Small Business Investment Companies (SBICs) and Community Development Financial Institutions (CDFIs) could serve as conduits for financing of small businesses without sacrificing the importance of proper credit worthiness analysis.
- ◆ Rural businesses show disparities in available credit sources and a lack of local organizations to serve as financing conduits and technical assistance providers.
- ◆ The need for capital, collateral enhancements and lower interest rates are the most common barriers to small businesses.
- ◆ Comprehensive and sustainable community development, including site preparation and redevelopment and neighborhood revitalization, are high priorities. However, most comprehensive strategies, such as brownfield redevelopment, require substantial public subsidies.
- ◆ Poor financial literacy, especially in low/moderate income households, is a significant issue throughout the district.

3. 2008 Performance and 2009 ACTION PLAN

The Bank had a very active and exciting year. The information below, and on the attached table, highlight the Bank's 2008 performance.

Minority Homeownership Initiative - In November 2004, the Bank kicked off its new Minority Homeownership Initiative with a financial literacy program designed to counsel at least one thousand low-income young adults by 2009. In January 2005, the Bank, along with nine banks serving Allegheny County, launched My Money, My Life: Financial Fitness for Young Adults in Allegheny County. My Money, My Life (MMML) is a free, five-year program aimed at educating young adults, ages 16-19, in low- to moderate-income neighborhoods about financial issues important to them throughout their lives. Program goals include increased financial literacy and avoidance of credit abuse by at least 1,000 young adults by 2009 and enrollment of several hundred parents, guardians or caregivers in similar financial literacy programs over the same period. The initiative is expected to meet this goal by the end of 2009.

Blueprint Communities – In 2005, the Federal Home Loan Bank of Pittsburgh (FHLBank) and its partners developed Blueprint Communities (BC), a revitalization and leadership initiative that serves as a catalyst for creating sustainable communities in our region. In 2005, the initiative was focused on Pennsylvania, successfully helping 22 communities to move forward in their quest for sustainability. Communities targeted for selection are those that have *not* completed a detailed community plan but do have a strong foundation of local leadership and possess some development capacity.

In 2006, FHLBank Pittsburgh expanded the initiative into West Virginia by working and partnering with 12 leaders in the WV community development movement and aligning financial and support initiatives. Ten communities were then selected and attended the Blueprint training in 2007.

In October 2007, the Bank initiated Blueprint Communities in Delaware. The Bank is partnering with University of Delaware Center for Community Research and Service to offer training, technical assistance, community profiles, and community development grants. An advisory committee, comprised of critical stakeholders, defined how Blueprint Communities is carried out in Delaware. Nine teams were selected and have attended training in 2008 with the final training session scheduled for January 2009. Blueprint Delaware continues many of the same themes and strategies presented in Pennsylvania and West Virginia but continues to evolve as lessons are learned. Modifications are made in each state in order to maximize the return on our community investment.

The mission of the BC initiative is to serve as a catalyst to revitalize older communities and neighborhoods by:

- ◆ Fostering strong local leadership, collaboration and development capacity.
- ◆ Serving as a catalyst for revitalization based on sound local and regional planning that includes a clear vision and a comprehensive implementation strategy.
- ◆ Encouraging coordinated investments in targeted neighborhoods by public and private funders.

Foreclosure Mitigation

In 2008, the Bank implemented a foreclosure mitigation strategy including short term and long term activities. The recommendations were based on the Bank's white paper *FHLBank Pittsburgh's Response to the Housing Crisis*.

Short-term Activities

- Implement the Public Relations and Outreach campaign

The objectives are to buttress the HFAs' outreach and to educate and inspire community leaders to take action to help homeowners at risk of foreclosure.

Specifically, in 2008, the Bank had teamed up with the Pennsylvania Housing Finance Agency (PHFA) and Delaware State Housing Authority (DSHA) (through Lt. Governor's foreclosure task force) to sponsor summits for leaders working to prevent foreclosures. These summits were designed to bring community leaders together to receive timely messages which they can deliver from the pulpit, workplace, union hall or other group settings, in order to de-stigmatize foreclosure and help families get help. A total of four Relief Pitchers events were conducted in 2008.

- Member Outreach

The Bank included a message to members about foreclosure mitigation options in its October edition of *Net Interest*, a monthly e-newsletter for Bank members.

A presentation on the findings in the Bank's white paper *FHLBank Pittsburgh's Response to the Housing Crisis* was provided at the 2008 Regional meetings. The 300+ people in attendance representing 142 member banks were provided with delinquency and foreclosure trends and practical suggestions on how they can assist at-risk homeowners in their community.

- Refinance program

The Federal Housing Finance Agency approved an interim final regulation that permits FHLBanks to use a portion of their AHP funds to help homeowners at-risk of foreclosure. The Bank has approved \$1 million from the AHP program to be used for refinancing of at-risk homeowners under the interim final regulation.

Long-term Activities

- Target Bank resources to assist areas with high concentrations of foreclosure

The Bank has allocated a range of points (3-7 points) in the competitive 2009 AHP scoring for projects in areas with a high concentration of foreclosures and/or for project using Neighborhood Stabilization Program funds.

Other Community Investment Activities in 2008:

Community Lending Program – As of November 30, 2008, the Bank funded \$40.7 million for specific projects.

Affordable Housing Program – Completed two funding rounds, approving \$22 million in AHP subsidy.

Banking On Business – Approved approximately \$7 million for small businesses in 2008.

First Front Door – As of November 30, 2008- Funded more than \$5 million supporting 1,350 new homebuyers.

Housing Event Sponsorships - The Bank sponsored various housing conferences in 2008, including the PA Housing Alliance Conference and Mortgage Bankers Conference.

Other Events - Completed several successful AHP/Congressional events. Conducted multiple AHP consultations/training sessions and Bank representatives attended groundbreaking, ribbon cutting, and special events.

The following summarizes the Bank's performance in 2008:

<u>2008 Goals</u>	<u>2008 Performance</u>
<p>Expand use of Bank's Community Investment Products</p> <ul style="list-style-type: none"> • Community Lending Program- \$42 million to specific projects • Banking on Business- commit \$7 million to small businesses • Taxable Bond Purchases-\$10 million • Letters of Credit-\$4 billion • Increase the number of community banks that have enrolled in or applied for community investment products or initiatives by 20 • Expand relationships with the Bank's partners and provide technical assistance to stakeholders • Increase the use of the Bank's Community Investment products in Blueprint Communities in Pa., WV. and DE (12 product apps.) 	<ul style="list-style-type: none"> • As of 11/30/08 - \$40.7 million for specific projects • \$7 million committed • Purchased \$197 million through PHFA (expected amount pending settlement on 12/18/08) • As of 12/4/08 - \$10.6 billion • At least 20 new community banks enrolled or participated in CID products • Conducted 132 AHP technical assistance meetings in 2008 • 22 applications submitted as of November 30, 2008
<p>Create new products and delivery capacities</p> <ul style="list-style-type: none"> • Research opportunities in the community and public finance markets, identify ideas that can be developed and implemented as a "for profit" product in 2008 	<ul style="list-style-type: none"> • No activity to report

<ul style="list-style-type: none"> • Increase capacity in underserved areas by supporting workshops and training • Expand Blueprint Communities into Delaware • Enhance relationships with intermediary lenders 	<ul style="list-style-type: none"> • Participated in /sponsored various workshops and conducted CID product training • 9 communities selected and received training in DE • Continued to fund investment in Mountaineer Capital, an SBIC in WV
<p>Establish presence as a community/economic development leader</p> <ul style="list-style-type: none"> • Co-sponsoring events and implementing the Bank's public relations and government relations plans. • Present Pillars and Council awards <p>Promote minority homeownership</p> <ul style="list-style-type: none"> • Replicate My Money, My Life. <p>Develop Initiatives to address housing and community development needs and support infrastructure finance opportunities</p> <ul style="list-style-type: none"> • Implement or participate in initiative that addresses foreclosure issue • Complete a new public finance-negotiated transaction • Research and present opportunities for community/economic development or infrastructure finance to be developed as a "for profit" product in 2009 	<ul style="list-style-type: none"> • Co-sponsored various housing conferences and workshops. Attended various groundbreaking and ribbon cutting events. • Presented 4 Pillars awards and 1 Council award • Training continued in 2008 • Implemented Foreclosure Mitigation Strategy

4. 2009-Goals – Summary

2009 Goals

1. Expand use of the Bank's existing community lending products and services:
 - A. Community Lending Program \$45 million to specific projects
 - B. Letters of Credit - Increase the use of Letters of Credit on bond issues \$100 million for bond deals
 - C. Taxable Bond Purchases \$100 million
 - D. Technical Assistance Expand relationships with the Bank's partners and provide technical training to stakeholders
 - E. Banking On Business Commit \$7 million to small businesses; and evaluate alternative community and economic development uses for the funds allocated to BOB
 - F. Refinancing for Homeowners Program Commit funding allocated by the Board to homeowners at-risk of foreclosure
2. Create new products and delivery capacities.
 - A. New Products Re-examine the opportunity to implement the CRA Mutual Fund
 - B. Increase Capacity in Underserved Areas Support workshops and training activities through the Bank's district
 - C. Blueprint Communities Present Blueprint Evaluation Report in 2009. Align the Bank's community investment resources to invest in Blueprint Communities and other emerging communities
 - D. Expand access of intermediary lenders Enhance relationships with intermediaries
Explore membership opportunities with CDFIs in the district
 - E. Maintain and Expand Partnerships Co-sponsor events, implement the Bank's Public Relations and Government Relations plans.
Present Pillars and Council awards

F. Minority Homeownership

Continue My Money, My Life
Explore additional opportunities to
support financial literacy

2009 Goals Descriptions

1. Expand the use of the Bank's existing tools for targeted community lending through the following:

1(A). Loans

The Bank has created a loan product that incorporates the broader eligibility criteria permitted in the CICA regulation. The loan product, called the Community Lending Program (CLP), is priced at the Bank's cost of funds.

Creative partnerships with federal, state and local economic development funders will be cultivated to produce leverage opportunities. Combining loans with loan guarantees, Banking On Business funds, or creative equity investments from third parties could be incorporated to achieve greater value and impact.

The Bank will continue to emphasize specific project financing; member banks using CLP to match-fund loans to specific deals.

2009 Goal: *The Bank will loan \$45 million in CLP funds to qualified specific projects*

1(B). Letters of Credit

The Bank's LOC may be used for a variety of purposes, including assisting members to participate in municipal or state bond issues to fund projects such as hospital expansions, independent living facilities for seniors or other economic development initiatives. All three states in the Bank's district permit LOCs to secure public unit deposits.

In 2004, the Bank's Business Research and Development Department developed the Public Deposit Access (PDA) product. PDA offers the Bank's Pennsylvania members the opportunity to use our Letter of Credit (LOC) to secure additional investments from public entities, such as local governments, authorities and school districts. PDA involved a collaboration between the Bank, member banks and the Pennsylvania Local Government Investment Trust (PLGIT), a mutual fund for public institutions. The Bank's AAA-rated LOC provides members the credit support required to secure public deposits through PLGIT. As the PDA matures it will enhance the value of the LOC product.

In 2008, the Housing and Economic Recovery Act (HERA) was passed providing the Bank the ability to issue *Letters of credit to enhance bond issues, both tax-exempt and taxable* – The Bank will immediately be engaged in this initiative to bring to the membership this exciting new product opportunity that will allow them to better serve their communities and for the Bank to assist a new group of constituents.

2009 Goal: *The Bank will issue \$100 million in LOCs for bond deals*

1(C). Community Development Investing

The Community Development Investing tool offers great potential for meaningful housing and community development. The Bank has shown a strong commitment to this area by developing strong relationships with the state housing finance agencies.

- ◆ **Purchase of state and local governmental unit bonds:** State and local governmental units within the district have difficulty meeting the collateral requirements for housing associates. Therefore, in an effort to meet their credit needs, the Bank directly purchases these agencies' debt obligations. The majority of the Bank's investments have been through the Pennsylvania Housing Finance Agency (PHFA).

In addition, Bank investments in Small Business Investment Companies (SBICs), Tax Increment Financing projects or Section 108 bonds, for instance, offer the potential for innovative financing solutions in meeting credit needs. The Bank will continue to explore these opportunities.

2009 Goal: *\$100 million in taxable bond purchases*

1(D). Technical Assistance

- ◆ **Community Support Statement Preparation:**

2009 Goal: *Continue to expand relationships with the Bank's partners and provide technical training to stakeholders*

1(E). Banking On Business Program

In 2000, the Bank successfully launched the Banking on Business (BOB) program, which is designed to assist member-financed small business start-ups and expansion. An additional \$7 million will be allocated to BOB in 2009.

2009 Goal: *Continue the BOB program and commit all available funds to eligible small businesses, and evaluate alternative community and economic development uses for the funds allocated to BOB*

1(F). Refinance for Homeowners Program

On October 8, 2008 the Federal Housing Finance Agency (FHFA) approved an interim final rule allowing the FHLBanks to set-aside a portion of AHP to support loan refinancing for at-risk homeowners. Under this new rule, FHLBanks can use subsidy for closing costs and principal write-downs for loans being refinanced through Federal Housing Administration's (FHA's) new product, HOPE for Homeowners (H4H). This

H4H product was authorized in the Housing and Economic Recovery Act (HERA) legislation on July 30, 2008, and was made available on Oct. 1.

2009 Goal: *Commit funding allocated by the Board to homeowners at-risk of foreclosure*

2. Create new products and delivery capacities to meet economic development needs.

2(A). New Product Creation

The Bank will analyze the feasibility of creating new products to advance the Bank's mission and vision.

2009 Goal:

- *Evaluate the possibility of a new business activity submission in 2009*

2(B). Increase Capacity in Underserved Areas

The Bank will pursue opportunities to enhance the capacity of existing organizations to undertake economic development projects. In some cases, where the structures do not exist, the Bank may serve as the catalyst to create new economic development institutions. For instance, the creation of an SBIC in an underserved area may be an appropriate activity for the Bank. The need for capacity enhancement is especially acute in rural areas.

The Bank recognizes that effective CBOs are a key element in encouraging members to participate in non-traditional partnerships for affordable housing and community development. In studying this issue, Bank staff found that CBOs require additional training in developing business plans, budgets, marketing and technology. The effective use of these tools by CBOs will assist members in understanding the complexities of these organizations, which will enable members to more effectively assist CBOs in improving local communities.

2009 Goal: *The Bank will support and sponsor training/education in workshops conducted by other organizations*

2(C). Blueprint Communities (BC)

The ultimate goal of BC is to create self-sustaining, thriving communities. In places that have strong markets, private demand sustains a community or local economy. Unfortunately, in many places in the Bank's district the conventional markets have broken down or do not exist at all. Strategic interventions are necessary to fill the gaps in the market.

A strong neighborhood plan includes a clearly articulated vision, with clearly identifiable goals and a process for implementation. It should seek to change not only the physical

environment, but also the perception of the community among residents and those outside the community. It is apparent that many places recognize the need to approach neighborhood change in a comprehensive manner. However, all too often, the necessary planning and consensus building either is not done or is inadequate.

The Bank and its partners developed the BC to serve as a catalyst for creating sustainable neighborhoods in Pennsylvania, West Virginia and Delaware. This initiative builds on the recommendations contained in the *Back to Prosperity* report (for Pennsylvania) published by The Brookings Institution Center on Urban and Metropolitan Policy and is supported by research completed independently by the Bank. The Bank's research examined strategies designed to encourage communities to approach revitalization holistically, taking into account physical, economic and social needs.

2009 Goal:

- *Present the Blueprint Evaluation Report and determine the future of the program*

2(D). Expand Access of Intermediary Lenders

For some economic development activities, other organizations may offer the best opportunity to meet credit needs in underserved markets. For example, CDFIs, SBA 504 Corporations, Community Development Entities under the New Market Tax Credits (NMTC), or local economic development intermediaries may be appropriate Bank partners for deals that require a higher degree of risk or technical assistance. Incorporating member participation in these partnerships will be explored.

2009 Goal:

- *Continue to enhance relationships with the Bank's Housing Associates*
- *Explore opportunities for CDFIs to become members of the Bank, which is permitted under HERA*

2(E). Facilitate the creation of partnerships with state agencies, member banks, and other bank constituents.

- ◆ **Conference Sponsorship:** The Bank will seek opportunities to co-sponsor community development events.
- ◆ **Targeted Marketing Strategy:** The Bank's Government Relations, Communications and Community Investment Departments have developed a targeted marketing and public relations strategy that includes increased contact with community and economic development organizations. The Bank will monitor the effectiveness of the strategy in 2009.
- ◆ **Pillars of the Community Awards:** At regional stockholders' meetings, the Bank honors member financial institutions as partners who have

completed exemplary housing or community investment projects. By promoting these awards at the regional meetings, members see firsthand innovative approaches to meeting credit needs within local communities. In addition, the Bank promotes the award recipients via national and local media, as a means to highlight innovative approaches to creating affordable housing and community investment.

2(F). Expand a minority/urban homeownership initiative.

The My Money, My life financial literacy program has been extremely successful. The program goal is to reach 1000 young adults by 2009 and enroll several hundred parents, guardians or caregivers in similar financial literacy programs over the same period.

2009 Goal: *The Bank will continue the My Money, My Life program and explore other opportunities to support financial literacy*

ADDITIONAL MARKET OPPORTUNITIES RESEARCH

The 2009 Plan requires the Bank to continue conducting research on credit needs and market opportunities. At the onset of its research phase, the Bank aggressively sought to receive comprehensive feedback regarding the needs of underserved communities and populations. This research was designed to provide the foundation for many of the Bank's future lending plans and community investment programs.

The Bank's commitment to accurately assessing the current and future needs of its District will continue. As a supplement to our current research findings, the Bank will have ongoing dialogue with the many agencies, housing developers and member banking institutions that participate in affordable housing and community investment initiatives. Our goal will be to supplement our current information database with new resources which may better equip the Bank to address the goals of its Plan. Such information is expected to be derived from the many partnerships currently existing between the Bank and its various constituents district-wide.