



# Community Lending Plan 2012

## **I. Community Lending Plan**

Each year the Federal Home Loan Bank (FHLB) of Des Moines publishes a Community Lending Plan. The Plan is a requirement of the Federal Housing Finance Agency in conjunction with the Community Investment Cash Advance (CICA) program that is administered by each FHLB, herein also referred to as Community Investment Advance (CIA). The purpose of the Plan is to conduct market research and describe how FHLB Des Moines will address the identified unmet credit needs and market opportunities for targeted community lending in its district. To satisfy this requirement FHLB Des Moines does the following:

- ◆ Conducts market research in the Bank's District.
- ◆ Consults with its Advisory Council (AC), financial institution members, housing associates, and public and private economic development organizations in the district on developing and implementing its Plan.
- ◆ Establishes quantitative economic development lending performance goals.

FHLB Des Moines also provides information to its members on its CIA programs, economic development lending and affordable housing activities undertaken by members, housing associates, nonprofit housing developers, community groups, or other entities in the Bank's district. This information is useful for members exploring ways to engage in economic development lending to meet their community support requirements.

## **II. Market Research in 2011**

The Bank started a review of economic development topics with member surveys in 2009 and 2010, and continued that research in 2011 by holding discussions with the AC and the Member, Mission and Housing Committee of the Board of Directors. The Bank's AC met in four locations around the Bank's district. These AC meetings included speakers and projects from those communities. Topics included member participation in affordable housing and community lending, community sustainability and community planning. The AC held tours and provided input to the staff of "Green Zone project" Kansas City, Mo and City Staff, non-profits and developers in Sioux Falls, SD. In addition the AC held a public policy discussion with staff of the Senate Banking Committee.

## **III. Market Research in 2012**

In 2012, the Bank plans to research products and services to assist members and communities in meeting their community and economic development needs throughout the district. The Bank will also gain insight into unmet needs through regional member meetings. The Bank's AC will also provide input by meeting in four locations around the Bank's district. These AC meetings will include speakers and projects from those communities. The Bank also will review a variety of housing studies.



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The Bank will continue research on leadership programs; in addition the Bank will research the possibility of an award program for excellence in community development.

## IV. Bank Activities for 2012

The Bank will address identified credit needs and market opportunities in the Bank's district for targeted community lending by engaging in the following activities.

### ◆ Continue Offering Community Investment Advances (CIA)

There will be two CIA advance programs in 2012. In these programs, the Bank makes advances at its cost of funds plus a markup to cover its administrative expenses. In 2012, the Bank will make \$100 million available for advances for residential housing projects and \$300 million in a Commercial Lending Advance Program. These programs include:

1. Commercial Lending Advances (CLA) – the minimum CLA advance is \$25,000. CLA will have the following targets within the CICA definitions:
  - a) Alternative Energy Loans, i.e. wind energy, biomass; ethanol or as defined by state or federal programs;
  - b) Small business lending must meet CICA regulation, SBA size limitations, and member's loans to borrower must not exceed \$1 million per FFIEC reporting requirements;
  - c) Production, processing or distribution systems loans for "Local Foods", including "Urban Farming", as defined by University Extension or state government for the state of loan origination or USDA definitions;
  - d) Small Agricultural Production loans must meet CICA regulation and member's loans to borrower must not exceed \$500,000 per FFIEC reporting requirements;
  - e) Small Agricultural Land loans must meet CICA regulation and member's loans to borrower must not exceed \$500,000 per FFIEC reporting requirements;
  - f) Beginning or young farmer's loans as defined by the state program(s) for the state where the farm is located.
2. Residential Lending Advances (RLA) – the minimum RLA advance is \$100,000
3. Disaster Advances – Members will be eligible for Commercial Lending Advances and Residential Lending Advances in federally declared disaster areas. Loans must be for qualifying Residential or Commercial uses but will not need to meet other targeting requirements, including targeting of small businesses or farms. Loans must be used to assist projects in the disaster area in rebuilding or in recovery of losses related to the disaster, and be originated within 18 months of the disaster declaration.



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The interest rate on the amount of any Disaster Advance borrowed by a member but not used in accordance with the aforementioned guidelines will revert to the interest rate in effect on a comparable non-CIA advance at the time the Disaster Advance was requested and that higher rate of interest will be assessed from the original disbursement date.

4. Limits on CIA Advances - Each member will have a limit on CIA advances of \$6 million. The Bank president or the president's designee may waive this limit for members using CIA in federal disaster areas to allow the rebuilding of communities affected by such disasters. The Bank reserves the right to cap the amount of CIA advances to any single member for use in a federal disaster area.

All CIA advances are available for terms from a minimum of one year to a maximum of 20 years.

The maximum percent of Area Median Income (AMI) to qualify for CIA advances to fund economic development and commercial lending is 115% for rural areas and 100% for urban areas.

#### ◆ Offer Member Education

The Bank will hold nine regional member meetings across the district providing education on Bank products and services. The meetings will also provide an opportunity to receive feedback from members about their needs and the needs of their communities.

#### ◆ Continue Enhancing Relationships With Community And Economic Development Organizations

The AC will meet in four locations around the district in order to expand the AC's knowledge of the communities and to build a relationship with those communities. The Bank will participate in and help sponsor conferences and workshops in the district that support the Bank's housing finance and community and economic development mission. The Bank collaborates with a number of economic and community development programs across the five states.

Each year FHLB Des Moines publishes an annual report on its affordable housing and community investment programs. This is the AC annual report and it contains information on CICA advances and Bank CICA activities. The AC report serves as the annual notice provision of the CICA regulation.

## V. Quantitative Plan Goals for 2012

The Bank will make Residential Lending Advances totaling \$100 million.



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The Bank will make Commercial Lending Advances totaling \$300 million.

The Bank will participate in or support 10 community lending conferences and workshops within the district.

The Bank will promote the use of CFI collateral to members during the nine member meetings.