

FEDERAL HOME LOAN BANK OF ATLANTA
2012 COMMUNITY LENDING PLAN

Executive Summary

The 2012 Community Lending Plan includes a summary of the major activities engaged in by the Bank in 2011 to gather data and feedback on the community finance needs in the Bank's district, an overview of the notable current demographic, housing, and other market conditions in the district, and the strategic initiatives and quantitative goals for 2012.

The Bank participated in 13 events, workshops, and other activities that were sponsored, conducted, and/or managed by the Bank that provided the Bank the opportunity to gather primary data and feedback from members, for-profit and non-profit intermediaries, regulators, developers, government and quasi-governmental agencies. The data and feedback from these primary sources focused on tax credit lending, community development products, foreclosure recovery strategies and products, and other issues. The Bank also engaged in an assessment of secondary sources of data to assess the current housing and other market conditions in the district through the research and analysis published by the following entities: Census Bureau, Bureau of Labor Statistics, Joint Center for Housing Studies of Harvard University, National Association of Realtors, RealtyTrac, and Cushman and Wakefield.

Based on the assessment of primary and secondary data, the Bank's community lending strategic initiatives in 2012 will be:

- Foreclosure Prevention and Recovery
- Development of a Suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges
- Housing Finance Agency Outreach and Collaboration

In addition to the 2012 strategic initiatives, the Bank will focus on quantitative community outreach goals.

Introduction

The Bank collects data and conducts research to better understand the district's community finance needs, challenges and problems and to identify opportunities for solutions in the district. Both primary and secondary sources of data are utilized to understand the community finance needs in the district. The Bank accumulated primary data market needs feedback via its participation in activities, events, and workshops with shareholders, for-profit and non-profit developers, intermediaries, public officials and regulators. The Bank used secondary sources of data to assess the current housing and other market conditions through the research and analysis published by the following entities: Census Bureau, Bureau of Labor Statistics, Joint Center for Housing Studies of Harvard University, National Association of Realtors, RealtyTrac, and Cushman and Wakefield.

Part 1 - Primary Sources

2011 Bank Participation in Activities and Events to Ascertain Community Lending and Market Needs and Receive Community Feedback

In 2011, the Federal Home Loan Bank of Atlanta demonstrated its commitment to better understand the community lending needs of the communities within the Bank's district by engaging in several activities and events where community lending and market information and data were shared and discussed. The activities and events included a mixture of Bank-sponsored events and events conducted by other parties including regulators, trade associations, and government agencies. In addition to gathering community lending and market needs data and information, Bank staff participated in the event by either serving as a speaker or making themselves available for feedback during breakout sessions.

A summary of the Bank's 2011 participation in activities and events to ascertain community lending needs is as follows:

Event	Date/ Location	Description; Participants; Focus
National Council of State Housing Agencies 2011 Housing Credit Conference	June 13-16, 2011 Atlanta, GA	<ul style="list-style-type: none">● FHLBank Atlanta sponsored and participated● The CIS Director was a speaker in a roundtable discussion● HFA staff, Developers, Tax Advisors, Lenders, Syndicators, Investors, Asset Managers, Compliance Experts, Property Managers, Nonprofits, and Other Stakeholder● Tax credit lending needs

Event	Date/ Location	Description; Participants; Focus
Atlanta Affordable Housing Coalition	June 20, 2011 Atlanta, GA	<ul style="list-style-type: none"> • FHLBank Atlanta partnered with the Federal Reserve Bank of Atlanta, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the Office of Thrift Supervision • 56 affordable housing stakeholders gathered to develop solutions to address the housing situation in the metropolitan Atlanta area • Specific emphasis was placed on foreclosure recovery lending needs and strategies
Community Reinvestment Act (CRA) Training	September 13, 2011 Atlanta, GA	<ul style="list-style-type: none"> • Federal Reserve Bank of Atlanta, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the Office of Thrift Supervision conducted CRA training • FHLBank Atlanta hosted • 51 small and medium size financial institutions attended • Overview provided on community lending products
South Carolina Association of Community Development Corporations Conference	September 19-20, 2011 Myrtle Beach, SC	<ul style="list-style-type: none"> • Workshop at the South Carolina Association of CDCs Annual Economic Development Conference • Over 60 representatives were in attendance from community development corporations in South Carolina • CBO and CIS staff presented community lending products
Credit Union Trade Association	October 12, 2011 Atlanta, GA	<ul style="list-style-type: none"> • FHLBank Atlanta conducted a meeting with members and Executives of the Credit Union League • Representatives from 1500 Credit Unions within FHLBank Atlanta's footprint and 13 Credit Union League Executives attended • Bank staff presentations • Overview provided on community lending products • Funding needs of Credit Unions
Habitat for Humanity International - Southeast Training	October 12, 2011 Webinar	<ul style="list-style-type: none"> • FHLBank Atlanta conducted with Habitat International, Inc. • 71 Habitat representatives participated • Bank staff facilitated presentation • Overview provided on community lending products

Event	Date/ Location	Description; Participants; Focus
North Carolina Shareholder Roundtable	October 12, 2011 Raleigh, NC	<ul style="list-style-type: none"> • An FHLBank Atlanta Advisory Council member and the North Carolina Association of CDCs co-sponsor to link shareholders with intermediaries with a pipeline of eligible consumers • Seven shareholders and three intermediary organizations including the North Carolina HFA • Overview provided on community lending products
Low Country Housing Trust Workshop	October 13, 2011 Charleston, SC	<ul style="list-style-type: none"> • Focus on FHLBank Atlanta AHP Set-aside products • 30 shareholders, non-profits, developers, and real estate professionals • Overview provided on community lending products
Mortgage Bankers Association of Alabama Luncheon	October 18, 2011 Birmingham, AL	<ul style="list-style-type: none"> • CBO presented • Approximately 80 mortgage bankers from throughout Alabama • Overview provided on community lending products
Georgia State Trade Associations of Non-Profit Developers Conference (GSTAND)	October 25, 2011, Atlanta, GA	<ul style="list-style-type: none"> • Annual Fall Affordable Housing Conference • CBO presented • Over 100 affordable housing development stakeholders from throughout Georgia • Overview provided on community lending products
North Carolina Affordable Housing Conference	November 1, 2011 Raleigh, NC	<ul style="list-style-type: none"> • Workshop conducted at the North Carolina Affordable Housing Conference • Over 75 representatives from community development corporations in North Carolina participated in the workshop • Bank staff facilitated presentation • Overview provided on community lending products
Congressional Fall Briefing Meeting	November 7, 2011 Atlanta, GA	<ul style="list-style-type: none"> • Briefing included congressional staff from the Bank's district, key committees and leadership staff as well as representatives from the national and state industry groups from the Bank's district • 18 industry and 14 congressional staff representatives attended
Housing Works Conference	November 10, 2011 Birmingham, AL	<ul style="list-style-type: none"> • Workshop at the Housing Works Conference • Representatives include community development corporations from throughout Alabama • Overview provided on community lending products

Event	Date/ Location	Description; Participants; Focus
Virginia Governor's Housing Conference	November 16-18, 2011 Hampton, VA	<ul style="list-style-type: none"> • Annual Conference • Over 900 attendees including affordable housing advocates, practitioners, and policy makers • Bank staff presented

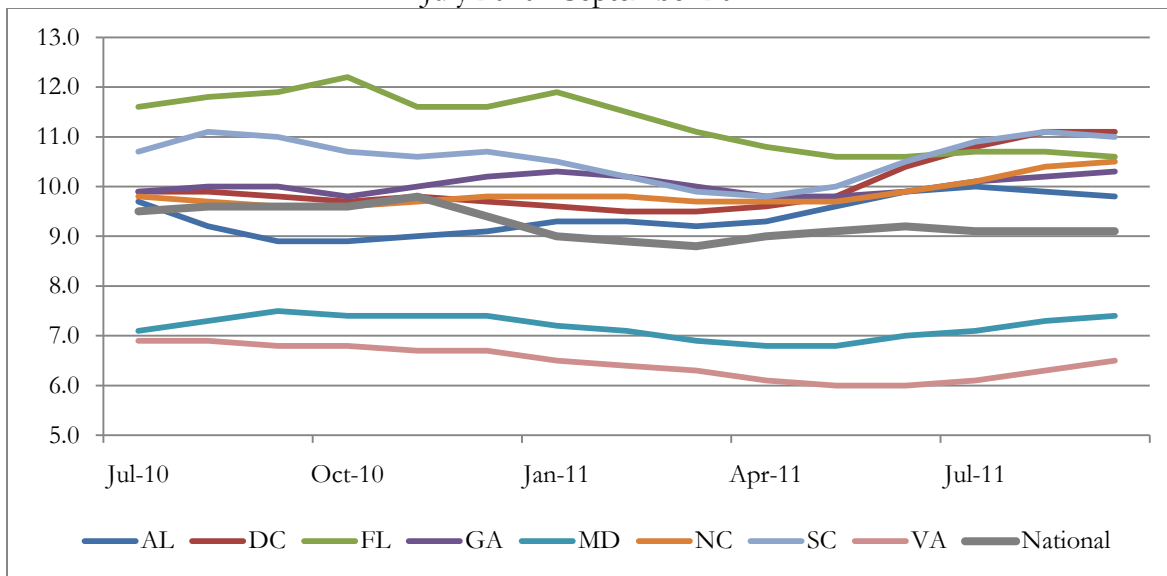
Part 2 – Secondary Sources

Unemployment, Demographic, and Veterans Market and Housing Conditions

Unemployment

Housing market condition indicators showed slow recovery with mixed signs within the Bank's district during 2011. Unemployment rates in Alabama, District of Columbia, Florida, Georgia, North Carolina and South Carolina have been hovering near 10% and began to stabilize since the second quarter; however, they were still significantly higher than the national average (**Figure 1**). Unemployment rates in Maryland and Virginia, where they have been low in historic terms, slightly increased in the third quarter. Stronger job growth is needed to fuel housing demand and stimulate consumer spending, and furthermore, lead the district's recovery.

Figure 1: Unemployment Rate
July 2010 - September 2011



Demographic Trend

According to American Community Survey, population in the district has been growing very slowly over the last three years. In 2010, the district's population increased by 1.2% to 61,954,133, and Georgia was the only state that experienced a population decline from the prior year (**Figure 2**). Combined with the slow growth in population, is a lackluster household growth. The district's total number of households reached 23,137,451, representing a mere 0.61% increase from the prior year, further hampering housing demand.

Immigrants have historically played a vital role in housing demand, specifically for homeownership units. The 6.74% growth in foreign-born population showed a positive sign, compared to the 2.76% in 2009 (**Figure 3**). Although still a huge setback from the 1990s level, immigration is expected to

pick up immediately after economic conditions improve.

Figure 2: Population Trend
In Millions

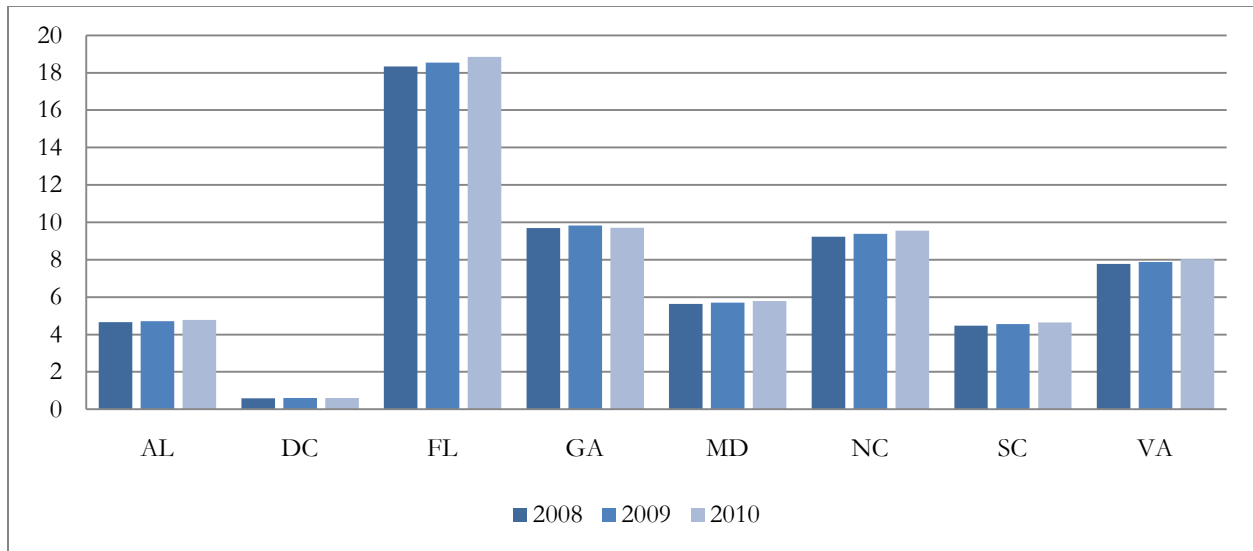
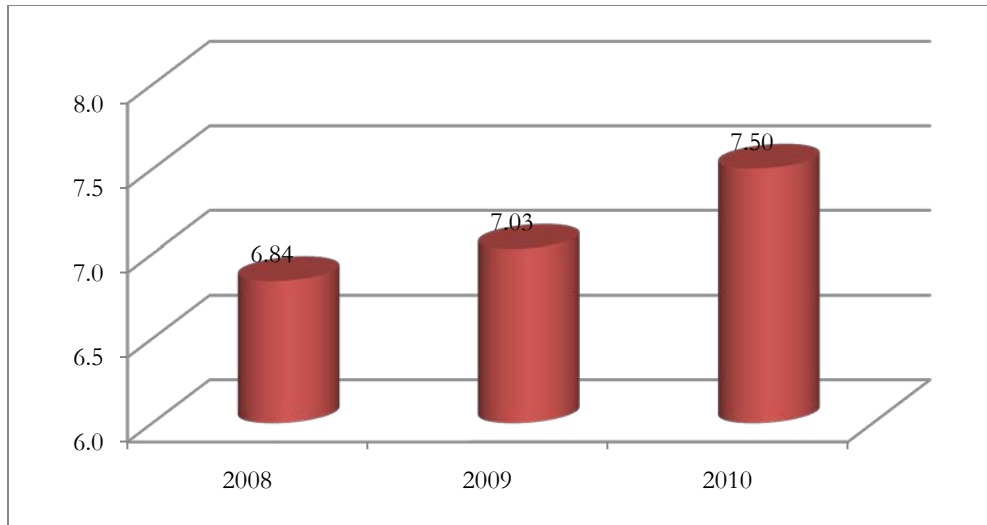


Figure 3: Immigrant Population
In Millions



Veteran Population

When returning veterans are transitioning into civilian life, they face various challenges and obstacles such as Post Traumatic Stress Disorder (PTSD), mild and moderate Traumatic Brain Injuries (mTBI), employment and education barriers and the stress associated with family reintegration. A report from Iraq and Afghanistan Veterans of America stated that veterans experience a \$10,000 a year deficit in earnings compared to their nonveteran peers, due to the lack of transferability from military experience to the civilian sectors. The unemployment stress is another contributing factor that exacerbates the warriors' preexisting conditions such as PTSD, anxiety and/or depression. In addition, veterans sometimes encounter social stigma in forms of lack of social support and

understanding by perspective employers, colleagues in workplace and classmates in colleges and universities.

American Community Survey data reveals that there were 5,051,650 veterans in the district in 2010. Among them, 86.2% served in foreign wars including Iraq, Afghanistan, Gulf War, Vietnam War, Korea War, or World War II. Given the number of veterans and the number of military installations in the district (**Table 1**), veterans housing, social integration, and economic empowerment are critical issues in the district.

Table 1: A List of Military Bases in the District

<u>Alabama</u>	<u>Georgia</u>	<u>South Carolina</u>
Anniston Army Depot	Fort Benning	Charleston AFB
Fort Rucker	Fort Gordon	Fort Jackson
Maxwell-Gunter AFB	Fort McPherson	MCAS Beaufort
Redstone Arsenal	Fort Stewart	MCRD Parris Island
	Hunter Army Airfield	NWS Charleston
<u>District of Columbia</u>	MCLB Albany	Shaw AFB
Bolling AFB	Moody AFB	
Fort McNair	NAS Atlanta	<u>Virginia</u>
NAVDIST	NSB Kings Bay	Defense Supply Ctr
Walter Reed Army Medical Center	Robins AFB	Richmond
		FCTCLANT Dam Neck
	<u>Maryland</u>	Fort Belvoir
<u>Florida</u>	Aberdeen Test Center	Fort Eustis
Eglin AFB	Andrews AFB	Fort Lee
HQ SouthCom	Fort Detrick	Fort Monroe
Hurlburt AFB	Fort Meade	Fort Myer
MacDill AFB	NAS Patuxent River	Fort Story
NAS Jacksonville	NSGA Ft. Meade	Henderson Hall
NAS Key West	US Naval Academy	Langley AFB
NAS Pensacola		MCB Quantico
NAS Whiting Field	<u>North Carolina</u>	NAB Little Creek
NCSS Panama City	Camp Lejeune	NAS Oceana
NS Mayport	Fort Bragg	NS Norfolk
NTTC Corry Statio	MCAS Cherry Point	NSGA Northwest
Patrick AFB	MCAS New River	NSWCDD Dahlgren
Tyndall AFB	Pope AFB	NWS Yorktown
USCG Miami	Seymour Johnson AFB	SCSC Wallops Island
	USCG Elizabeth City	USCG Hampton Roads
		USCG TC Yorktown

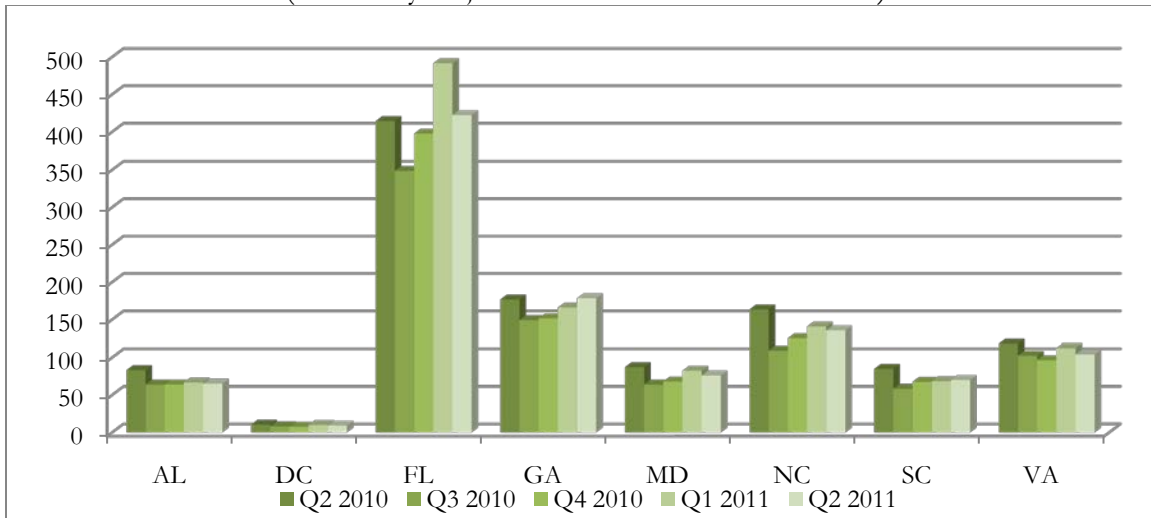
HOUSING MARKET

Homeownership

Major housing market indicators for homeownership stood near record lows in 2011. Most active transactions in existing home sales (including single-family, apartment condos and co-ops) were exhibited in the first quarter of 2011 (**Figure 4**). In the second quarter, each state, except for

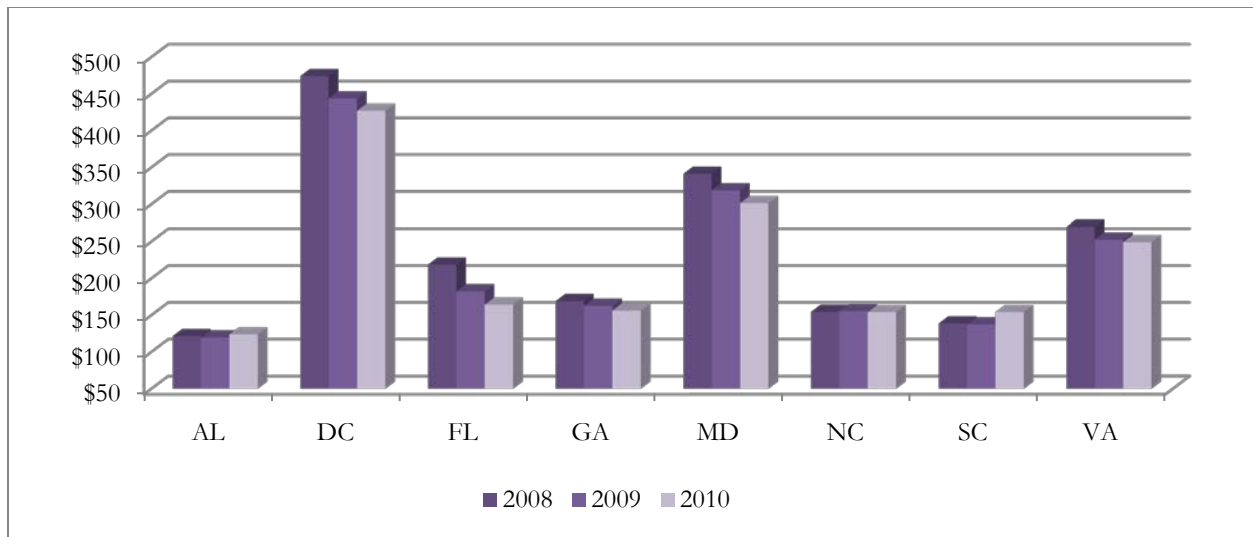
Georgia, experienced a significant drop in home sales, which leads the district number to 1.06 million, a 6.8% decrease from both previous quarter and the same quarter last year.

Figure 4: Existing Home Sales
(Seasonally Adjusted Annual Rate in Thousands)



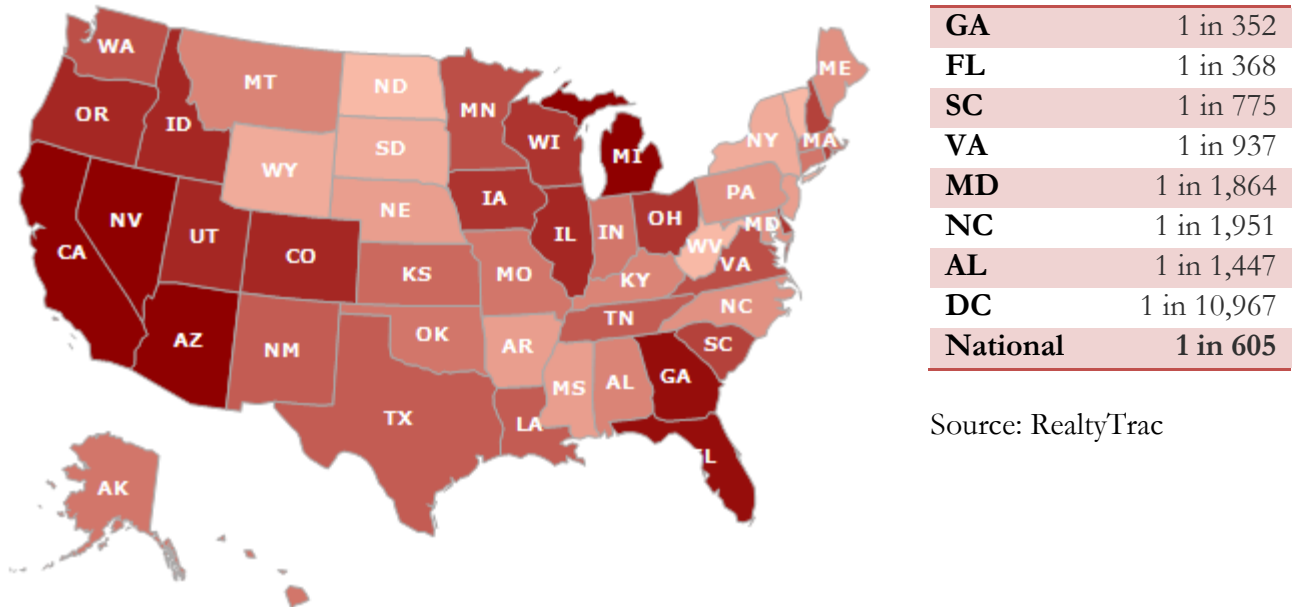
A decrease in median house value of owner-occupied housing units was observed across the district over last three years. Alabama and South Carolina are the only state-level housing markets that showed an uplift in median house value in 2010 (**Figure 5**). While median sales price of existing single-family homes continues trending downward in urban markets all over the district, robust growth was only experienced in Montgomery (Alabama), Washington-Arlington-Alexandria (DC-VA-MD), Tallahassee and Cape Coral-Fort Myers (FL), Columbia and Charleston-North Charleston (SC), and Charlotte-Gastonia-Concord (NC-SC).

Figure 5: Median House Value of Owner-Occupied Units
In Thousands

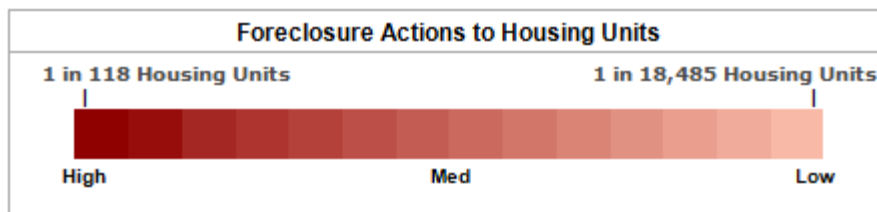


One out of every 605 homes was in active foreclosure proceedings in September 2011. Aside from the very high foreclosure rates in Georgia and Florida, one in 352 homes and one in 368 respectively, foreclosure rates in the rest of district are either median or much lower, compared to the national level (**Figure 6**).

Figure 6: Foreclosure Rate
September 2011



Source: RealtyTrac



Several factors can be attributed to the underperformance of the homeownership market in the district. Although completions of new homes were stalled, housing demand was not strong enough to consume existing inventory. The recession and its resulting high employment rates have kept young adults from living independently, bringing down household formation rates. In the near term, the aging and retirement of baby boomers, who have dominated housing market trends at each stage of their lives, will dramatically increase the senior population, shifting the demand toward smaller homes or higher-density rental units.

Homebuyer affordability is measured by the ratio of median house value to median household income. The metric of homebuyer affordability improved rapidly as the median house value fell to about 3.76 times the median household income in 2010, a second year of decrease following 2009 (**Table 2**).

Table 2: Homebuyer Affordability

	Median House Value	Median Household Income	Homebuyer Affordability
2008	\$213,777	\$51,337	4.16
2009	\$190,088	\$48,763	3.90
2010	\$182,738	\$48,582	3.76

Rental

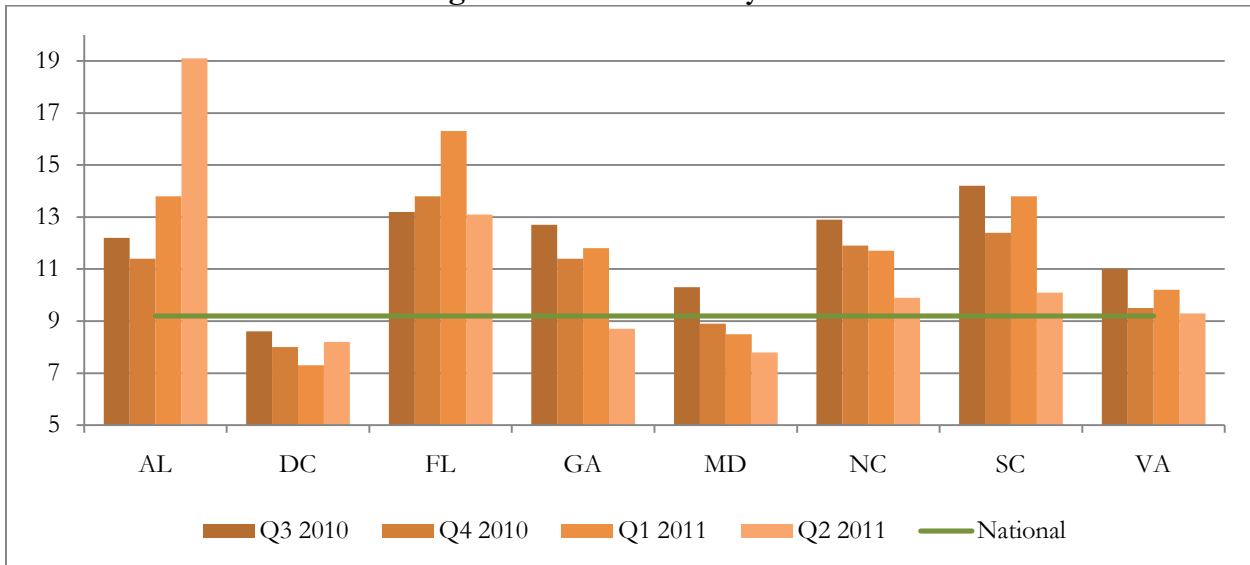
As homeownership rates continued to fall, owing to a large pipeline of foreclosures, tightening underwriting requirements for potential homebuyers, and a general lack of consumer confidence, a rising number of potential homebuyers have deferred their home-buying decisions, and have switched to renting.

There are other drivers for the increase in rental rates. A large proportion of the new jobs recently created went to young adults, who have previously been living with their parents or roommates. Uncertain economic conditions have been holding this age group from forming new families, and more of them are entering the rental market.

Nearly 10,000 rental units are currently under construction surrounding the nation’s capital, including Baltimore, suburban Maryland, suburban Virginia and Washington, DC. An aggregate of 3,000 rental units are also underway in Raleigh-Durham and Orlando, adding to the district’s inventory. The largest increases in the cost of renting in the district were posted by Baltimore, suburban Maryland, Raleigh-Durham, and Washington, DC in the second quarter.

Although rental vacancy rates decreased overall in the district in the second quarter, vacancy rates across the district vary widely, ranging from 7.8% in Maryland, to 19.1% in Alabama (**Figure 7**). Vacancy rates are generally low in the metro areas of the district that are historically tight rental markets. On the other hand, vacancy rates remain high in areas that were hit the hardest by the recession and foreclosures, after many for-sale homes are converted into rental units.

Figure 7: Rental Vacancy Rate



Part 3

Strategic Initiatives and Goals for Year 2012

The Bank's community lending initiatives in 2012 will be:

- Foreclosure Prevention and Recovery Support
- Development of a Suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges
- Housing Finance Agency Outreach and Collaboration

Foreclosure Prevention and Recovery Support

Based on the current market conditions results indicating the district continues to experience a proportionately higher trend in foreclosure actions, the Bank will continue its focus on supporting foreclosure prevention and recovery efforts in 2012. The Bank's support will occur through a product and an educational strategy.

Develop New Suite of AHP Set-aside Products to Assist Members Response to Veterans Housing Challenges

The market analysis outcomes and insights will be used as a basis to explore and identify any potential product development opportunities that assist the Bank's members in responding to veterans' housing challenges.

Housing Finance Agency Outreach and Collaboration

The market analysis outcomes and insights will be used as a basis to explore and potentially develop collaborative efforts with Housing Finance Agencies (HFAs) in the Bank's district. The collaborative efforts would have the objective of expanding the awareness, use, or leveraging of Bank and HFA products in communities in the Bank's district.

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 2012:

- Conduct five member or sponsor outreach workshops throughout the district to increase participation in AHP Competitive and AHP Set-aside programs.
- Work with the Bank's homebuyer education and counseling provider to assist in the provider's delivery of a post-closing default mitigation website.
- Conduct two member and or sponsor workshops in collaboration with a regulator(s).
- Host 20 technical assistance webinars/conference calls to enhance current and potential users understanding of programs and products requirements and benefits.