

# 2010 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 Bank has engaged the National Low Income Housing Coalition to conduct the 2010 community housing needs assessment for the Ninth District. 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 by the Reznick Group within the Bank's District include:

### **Housing**

1. A continued need for affordable owner occupied housing
2. A continued need for affordable rental housing
3. Energy conservation and weatherization assistance
4. Rehabilitation of existing owner occupied housing
5. Transitional housing for the homeless
6. Rental payment assistance

## 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 2009, FHLB Dallas conducted 7 training workshops. These workshops were held in the following locations:
  - a. Irving, TX
  - b. Houston, TX
  - c. Baton Rouge, LA
  - d. Little Rock, AR
  - e. Albuquerque, NM
  - f. Las Cruces, NM
  - g. Jackson, MS

2. **Banking Conferences:** Also during 2009, 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. Mississippi Bankers Association
  - e. Texas Banker Association
  - f. 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)
  - d. Special Needs Assistance Program (SNAP)
  
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

## V. 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) initiative is an example 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.
  - a. Funds are available for first-time homebuyers for down payment and/or closing costs. (not to exceed \$7,000 per homebuyer).
  - b. Homebuyers are required to complete a homebuyer education course.
  - c. \$2,000,000 in HELP funds were available in 2009, bringing the total funds committed to this program since inception to \$9.25 million.
  - d. Each member may utilize up to \$60,000 per \$1,000,000 offered in HELP funds per year.

2. EDP<sup>Plus</sup> Overview: EDP<sup>Plus</sup> Small Business Capital Grant was developed to help small businesses address the need for working capital, especially for start-ups and those wanting to expand.
  - 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 2009, bringing the total funds committed to EDP<sup>Plus</sup> since program inception to \$7 million. The Bank intends to commit an additional \$1 million in 2010.
  - 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 of 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 2009.
  - d. The Bank intends to commit an additional \$225,000 in 2010.
  - e. Member institution cash contribution of \$500-\$5,000 will be matched 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 \$500,000 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 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 for Advances 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.

5. Special Needs Assistance Program Overview:

Starting in 2009, the Bank now offers the Special Needs Assistance Program (“SNAP”) as an AHP homeownership set-aside program under which the Bank disburses AHP direct subsidy to rehabilitate a single-family home which is used as the household’s primary residence. The Bank disburses SNAP funds on a homeowner-by-homeowner, first-come, first-served basis during an annual offering cycle beginning January 1 of each year and continuing until the amount of funds allocated to SNAP for that year is exhausted or the following December 31, whichever occurs first. Any unused SNAP funds will be reallocated to the general pool of AHP funds at the end of the calendar year.

- a. Only special needs households are eligible. The household will qualify if at least one household member meets the special needs definition.
- b. SNAP funds may not exceed \$7,000 per household.
- c. Households must have a family income of 80% or less of the median income for the area at the time the household is accepted for enrollment by the member in the Bank’s homeownership set-aside program. The Bank considers the time of enrollment of a household by the member in the Bank’s homeownership set-aside program to be the date on which the member determines the household is income-qualified to participate in SNAP.
- d. The homeowner must sign a five-year retention agreement that meets the requirements of Section 951.9(a)(7) of the AHP Regulations and the retention requirements included in Attachment F.
- e. Households may not receive any cash back from the rehabilitation.
- f. If households receive financial counseling or maintenance training which is sufficiently documented to the Bank, up to \$500 in training costs may be paid with SNAP funds.
- g. \$1,000,000 in Special Needs Assistance Grant funds were made available in 2009.

VI. 2009 Goals

<b>Programs/Actions</b>	<b>2009 Goals</b>
<i>New CICA Advances Funded/LCs Issued</i>	\$650 million
<i>Total CIP/EDP Advances/LC Users</i>	90
<i>New CIP/EDP Projects Funded</i>	300

VII. 2010 Strategies

- 1. Continue 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, state housing finance agencies and community leaders.
- 4. Support members’ efforts to rebuild communities damaged by natural disasters and house displaced individuals and families.
- 5. The 2010 goals will be incorporated into the Plan after they are approved by the Board of Directors.