

FEDERAL HOME LOAN BANK OF ATLANTA
2010 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”) assessment of the community lending needs in the Bank’s district and presents the Bank’s 2010 initiatives for “providing financing for affordable housing and economic development projects for targeted beneficiaries.”

The Plan consists of two parts. Part 1 describes the process and resulting key insights and trends of the Bank’s needs and market assessment conducted in 2009. Part 2 outlines the Bank’s Community Lending Plan initiatives and quantitative performance goals for 2010.

As stipulated in the 2009 Community Lending Plan, the Bank conducted a comprehensive market assessment to better understand the affordable housing and community development needs in the Bank’s district. The Bank’s needs and market assessment consisted of three components:

1. Local market forums conducted by the Bank;
2. Direct meetings with various State Housing Finance Agencies;
3. A quantitative market research project conducted by an independent agent.

Based on the needs and market assessment, there are several key housing, economic development, demographic insights and trends that influence the objectives of the Bank’s 2010 Community Lending Plan. For example, the assessment revealed that the Bank’s district has experienced a proportionally higher trend in foreclosure actions than the nation overall and that Florida, Georgia and Maryland have delinquency rates above the national average. The assessment also indicated that economic development financing and other financing that drives job and small business creation is highly desirable particularly in rural markets. The assessment further revealed on an anecdotal basis, the general lack of knowledge of the Federal Home Loan Bank system or its value to the market in today’s environment.

This Plan summarizes the 2010 key initiatives and quantitative goals to address the market opportunities and challenges in the Bank's district.

In summary, the Bank's community lending initiatives in 2010 will be:

- AHP Loss Mitigation Enhancements
- Foreclosure Prevention and Recovery Support
- Value and Relevancy of the FHLBanks
- Continue to Drive Productivity and Compliance Improvements
- Explore Potential New Offerings

Part I: Needs and Market Assessment

Market Assessment - Overview

In 2009, the Bank conducted a comprehensive Market Assessment to better understand the regional characteristics, demographics, changing market conditions and credit needs within the Bank's district. The Bank used a multifaceted approach to gain insights on current and emerging market trends from members, project sponsors, government agencies, community based organizations and a private company engaged in delivering market assessments. The Bank adopted a three-component approach to needs and market assessment consisting of direct market outreach; conducting informational meetings with three state housing finance agencies operating in the Bank's district and commissioning a comprehensive quantitative market research project. The following is a brief summary of the Bank's needs and market assessment.

Direct Market Outreach

Rural Economic Development Summit

The Bank partnered with the University Georgia Center of Agriculture & Economic Development to host a Rural Economic Development Summit to better understand the lending opportunities and challenges of the rural south Georgia market. This summit resulted from the outreach efforts of one of the Bank's independent directors and the Bank intended this summit to yield information that could be representative of rural issues and challenges across the district. Another member of the Bank's board of directors and a member of the Bank's Affordable Housing Advisory Council were involved in the planning and execution of the summit.

Participants at the Rural Economic Development Summit included the Southern Georgia Regional Commission, U.S. Small Business Administration, USDA Rural Development, local community banks and several small local business owners and operators. Representatives from twelve of the Bank's member financial institutions also participated. The members of the Bank's board and Advisory Council as well as Bank management provided perspective

on the Bank's role in providing liquidity and other financial products supporting the community. A detailed summary of the Rural Economic Development Summit is contained in Appendix I of this plan.

Key Insights:

1. Housing is critical, but economic development capital is currently viewed as essential to the vitality and well being of the rural communities.
 - Small business expansion capital
2. General lack of awareness of the FHLB system.

Low Income Housing and New Markets Tax Credit Forums

The Bank held a series of four Tax Credit Forums during the 4th Quarter of this year to help better understand the business opportunities for our community bank members to participate in Low Income Housing Tax Credit and New Markets Tax Credit debt/equity offerings.

The participants in the tax credit forums included regulators (OCC, FDIC), credit administrators (US Treasury and state housing finance agencies), tax credit fund managers and syndicators and professional service providers, i.e, tax credit accounting and legal experts. Twenty-eight member institutions of the FHLBank Atlanta have participated in three of the four tax credit forums held year to date in 2009. A detailed summary of the LIHTC and NMTC Tax Credit Forums description is contained in Appendix II of this plan.

Key Insights:

1. Tax Credits continue to be a viable means for many member institutions to become active lenders in viable residential and economic development opportunities.
2. LIHTC investors are enjoying a higher rate of return compared to previous years
3. NMTC continue to provide economic development financing opportunities for member banks but the complexity of the transactions tends to inhibit the debt component.

Housing Finance Agencies

During the 3rd quarter of the year, Bank staff from the Member Sales and Trading department and the Community Investment Services department made joint sales visits to the housing financing agencies (HFAs) for the states of Maryland, Virginia and the District of Columbia. The primary purpose of the meetings were to learn more about the credit needs of the HFAs and the communities they serve and to discuss ways to enhance the Bank's engagement with HFAs.

Key Insight:

Opportunities for engagement and collaboration included:

- a. Bond purchase scenarios
- b. First-time homebuyer programs
- c. Joint education initiatives to increase the pool of LIHTC investors

Market Research

Market Research Study

The Bank commissioned a comprehensive district-wide market research report during 2009 entitled, *The Housing and Community Development Market Assessment – Southeastern United States*. The study was conducted on a state by state basis and identified key market trends such as employment rates, housing and community investments and supply and housing affordability levels. In addition, the study includes a comparative analysis of federal and state housing finance programs. The study was conducted by Research Property Research Group and a copy of the full report is contained in Appendix III.

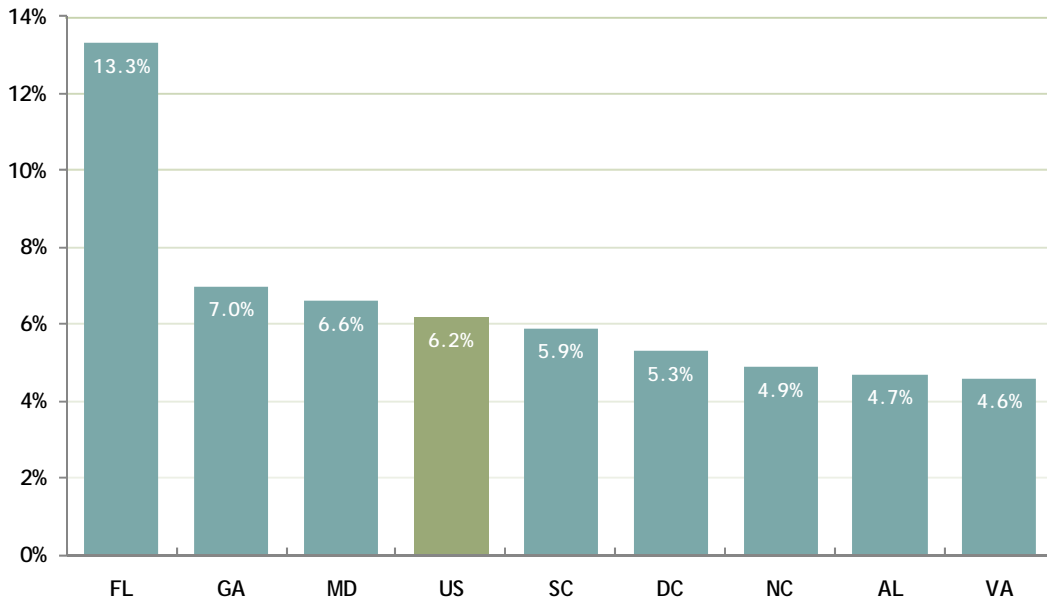
Key Insights from the *Housing and Community Development Market Assessment – Southeastern United States*

Residential Real Estate Delinquency Rate

In the Bank's district, Florida, Georgia and Maryland have delinquency rates above the national average (Figure 1)

Mounting job losses in 2008-09 escalated delinquency rates. By the third quarter of 2009, over six percent of all residential real estate loans secured by one to four family homes, including home equity lines of credit, held by US Chartered Commercial Banks were delinquent (60 days or more past due)

Figure 1: Mortgage Loan 60-Day Delinquency Rate, 3Q 2009



Source: Transunion Business Trends Data

Homes in Foreclosure

The higher delinquency rates have led to an ever increasing number of homes in foreclosure. In July 2009, RealtyTrac had identified as many as 360,000 homes in foreclosure in the United States, representing a ratio of 1 foreclosure for every 358 housing units (Figure 2).

Many jurisdictions in the Bank's district have experienced proportionally higher trends in foreclosure actions than the nation overall. In 2007, 1 in 527 units in the Bank's district were in foreclosure, a 13 percent higher ratio than the 1 in 599 units reported nationwide. By October 2009, 1 in 296 housing units were reported to be in foreclosure or 23 percent higher than the national ratio of 1 in 365 units in foreclosure. Much of the foreclosure activity in the region has been in Florida, which accounted for over half the foreclosure units in the study area in October 2007. By October 2009, Florida's foreclosure activity had increased 70 percent to almost 52,000 units in foreclosure, accounting for over 60 percent of the all foreclosure units in the Bank's district. Georgia is also an active foreclosure market. In October 2007 and October 2009, foreclosure units in Georgia accounted for 21 percent and 15 percent, respectively, of the Bank's district activity (Figure 3).

Figure 2: Units in Foreclosure, 3Q 2007 - 3Q 2009

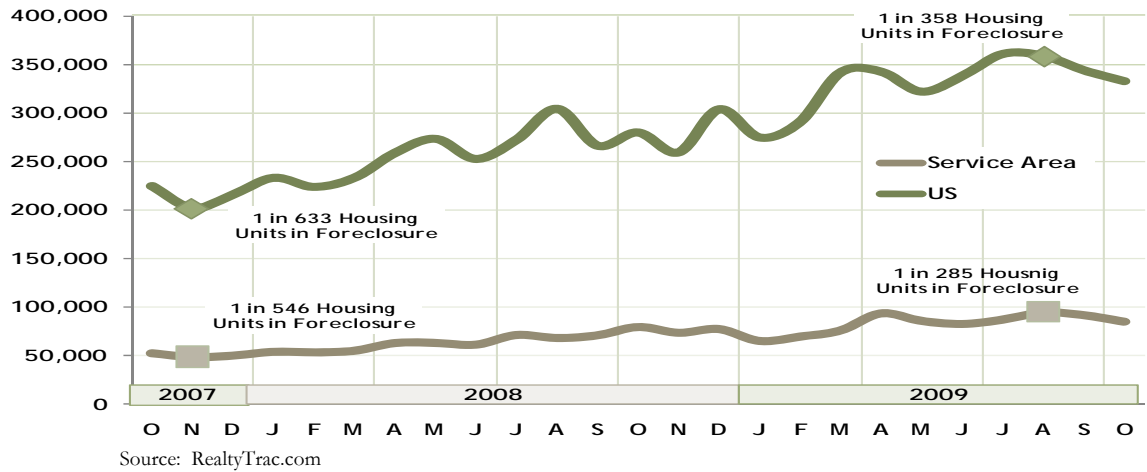


Figure 3: Foreclosure Units by State, Oct 2007 and Oct 2009

State	October 2007			October 2009		
	Total Foreclosure Units	% of Bank's District	Ratio of 1 in every x hh in Foreclosure	Total Foreclosure Units	% of Bank's District	Ratio of 1 in every x hh in Foreclosure
Florida	30,190	56.9%	273	51,911	60.7%	168
Georgia	11,352	21.4%	332	12,468	14.6%	318
North Carolina	4,025	7.6%	979	3,447	4.0%	1,197
Maryland	3,527	6.6%	645	6,661	7.8%	348
Virginia	2,518	4.7%	1,261	5,484	6.4%	597
Alabama	829	1.6%	2,512	2,447	2.9%	873
South Carolina	560	1.1%	3,443	2,889	3.4%	700
Dist of Columbia	82	0.2%	3,388	258	0.3%	1,102
Total	53,083	100.0%	506	85,565	100.0%	318

Tax Credit Assistance Programs

A recent Low-Income Housing Tax Credit Investment Survey by Ernst & Young LLP identified a significant gap between the demand

for housing tax credits among the limited number of housing investors and the number of credits available from new projects with tax credit allocations. With fewer investors in the market, credit prices dropped and tightening underwriting standards for debt left many projects with 2007 and 2008 tax credit allocations stalled with insufficient capital to move forward. To help reduce the logjam of affordable housing projects unable to secure equity financing from a shrinking pool of tax credit investors, Congress approved

two programs to assist affordable rental housing project financing. The Tax Credit Exchange Program and the Tax Credit Assistance Program (TCAP) has brought over \$1.4 billion in federal housing stimulus funds to the states within the Bank’s District (Figures 4 and 5)

Figure 4 Section 1602 Tax Credit Exchange Funding by State

State Housing Finance Agency	Funding
Alabama Housing Finance Authority	\$ 36,456,058
DC Dept Housing & Community Development	33,770,695
Florida Housing Finance Corporation	580,096,634
Georgia Housing and Finance Authority	75,952,358
MD Community Development Administration	79,212,812
North Carolina Housing Finance Agency	95,000,000
SC State Housing Finance & Develop Authority	118,019,335
Virginia Housing Development Authority	112,488,313
TOTAL Funding in District	\$ 1,130,996,225

Source: US Department of Treasury

Figure 5 Tax Credit Assistance Program Funding by State

State	Funding
Alabama	\$ 31,952,086
District Of Columbia	11,644,346
Florida	101,134,952
Georgia	54,481,680
Maryland	31,701,696
North Carolina	52,152,687
South Carolina	25,384,973
Virginia	44,247,749
TOTAL Funding in District	\$ 352,700,169

Source: US Department of Housing and Urban Development

Part 2: Community Lending Plan Initiatives and Goals for Year 2010

The following are the 2010 Community Lending Plan initiatives for the FHLBank Atlanta.:

- **AHP Loss Mitigation**

Due to the mounting increases in delinquencies rates within the Bank's district, a primary area of focus for the Bank in 2010 will be the refinement and implementation of an AHP Loss Mitigation Plan. The objective is to mitigate losses and maximize settlement recoveries through the adoption of risk management and loan recovery best practices. The Plan includes developing new loss mitigation tools and procedures, adding specialized expertise to staff and establishing enhanced corporate governance and executive level oversight.

- **Foreclosure Prevention and Recovery Support**

Based on the market assessment results indicating the Bank's District has experiencing a proportionately higher trend in foreclosure actions than the nation overall, the Bank will continue its focus on supporting foreclosure prevention and recovery efforts in 2010. The Bank's support will occur through a variety of strategies and tactics.

- **Value and Relevancy of the FHLBanks**

The Bank will execute strategies and tactics to expand the awareness and understanding of the role and value of the FHLBanks in today's economic environment.

- **Continue to Drive Productivity and Compliance Improvements**

The Bank will continue to focus its efforts on improving the productivity and efficiency of the management of its community investment operations, products, and services.

- **Explore Potential New Offerings**

The needs and market assessment outcomes and insights will be used as a basis to explore and identify any potential critical gaps in the current CIS product portfolio and other areas where the Bank can fully leverage its investments and resources to achieve its housing finance mission.

- **Other 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 2010:

- 1) Conduct eight "in-market" member/sponsor outreach workshops throughout the district to increase participation in AHP and FHP.
- 2) Sponsor eight foreclosure prevention/recovery collaborative seminars (coalitions or taskforces) across the district.
- 3) Enroll ten new first time members or project sponsors in AHP/FHP 2010 competitive application round.
- 4) Host twenty-five technical assistance webinars/conference calls to enhance potential users understand of programs requirements and benefits.