



Federal
Home Loan Bank
of New York



Community Lending Plan

2004

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EXECUTIVE SUMMARY

This Community Lending Plan summarizes the Bank's recognition of the District's needs and presents the goals for the coming year 2004. For this Plan, "Community Lending" is defined as "providing financing for economic development projects for targeted beneficiaries." The Community Investment Cash Advance (CICA) regulation published by the Federal Housing Finance Board ("Finance Board") requires that annually each Federal Home Loan Bank ("Bank") develop a Community Lending Plan ("Plan").

This Plan consists of three parts. Part I describes the Process and Plan for market research. Part II outlines the Community Lending Initiatives and Lending Goals for 2004. Part III reviews the results of the Bank's Community Lending activities for 2003.

In 2003, the Bank augmented its previous research by incorporating the Bank's mission in the Strategic Plan process. During the Strategic Plan process, a focus group of community development professionals and executives of some of our member banks held sessions in order to gain insight into the housing and community development needs of our district. This Plan considers the trends and observations received during our focus sessions and establishes a community lending strategy that reflects the district's economics.

In summary the Bank Activities in 2004 will be to:

- A. Encourage broader use of Community Investment Cash Advance (CICA) products.
- B. Provide technical Assistance to Members and Community Groups
- C. Provide Informational and Marketing Outreach
- D. Meet Quantitative Performance Goals

I. THE PROCESS AND PLAN

MARKET RESEARCH

As mentioned in the Executive Summary, the Bank has continued to confer with the following organizations for their insight into the challenges facing our district:

- Member institutions
- Public and private economic development organizations
- Community financial intermediaries
- Affordable Housing Advisory Council

Some of the Regional Trends of our District are presented in the Market Research Section (**See Exhibit A**). For the year 2004, the Bank will continue its focus on supporting our members to meet the following needs within our District:

- Need for long term credit for economic development
- Need for technical assistance in economic development for member banks and community organizations
- Need for light industry and retail development in urban and rural areas
- Need for mechanisms to liquefy economic development loans.

These long-term goals remain relevant based upon the economic and demographic challenges facing the district in 2004.

II. COMMUNITY LENDING INITIATIVES AND LENDING GOALS FOR YEAR 2004

I. INITIATIVES FOR 2004

Building upon the research findings and the results achieved in 2003, the Bank proposes the following community lending initiatives for the year 2004:

A. Encourage broader use of Community Investment Cash Advance (CICA) products.

- Build relationships with community and economic development organizations.
- Consider special offerings to increase program participation

B. Provide technical Assistance to Members and Community Groups

- Participating and supporting conferences and workshops sponsored by community organizations.
- Increase member and community organization's awareness of CICA products.
- Co-host informal workshops on community lending issues.

C. Provide Informational and Marketing Outreach

- Press releases
- Special Mailings
- Affordable Housing Advisory Council
- The Bank's website, www.fhlbny.com

2. QUANTITATIVE COMMUNITY LENDING GOALS FOR 2004

Community Economic Development - Rural Development Advance (RDA) and Urban Development Advance (UDA) commitments for advances:

The Bank proposes targeting the following number of projects and dollars committed to community economic development:

- Originate new CICA Advance Commitments (RDA/UDA) - \$8 million
- Increase Number of members participating in (RDA/UDA) products from 4 to 8.

III. RESULTS OF COMMUNITY LENDING PROGRAM FOR YEAR 2003

ACCOMPLISHMENTS IN 2003

As presented below, the Bank pursued its community lending strategy on several fronts:

A. Community Investment Newsletters

On a semi-annual basis, the Bank prepares and distributes a Community Investment newsletter. It is distributed to all member banks and 1,200 community groups in the Home Loan Bank's service area. The newsletter is used as a vehicle to showcase and describe successful housing and community development approaches. This "best practice" approach highlights exemplary housing and community development initiatives -- including the Community Investment Program projects, which are utilized as a CRA tool by our members. The articles provide a blueprint of successful ventures for our members.

B. Community Investment Mission Reports

Every other month, the Community Investment Administration Department prepares and distributes a Community Investment Mission Report (Report) to the Bank's Advisory Council members and Board of Directors. The Report highlights successful housing and economic development projects in the Bank's District.

C. Technical Assistance Meetings

The Community Investment Officers and other Bank personnel have held numerous CRA technical assistance meetings with our member banks, and community and economic organizations. In these forums the Bank presents successful projects and discuss how the Bank's products can be useful tools for the challenges of community development.

D. Community & Economic Development Lending in 2003

During the year 2003, the Bank aggressively marketed the Rural Development Advance (RDA) and Urban Development Advance (UDA) programs. The RDA and UDA serve as potential funding sources for economic development opportunities. In 2003, the Bank surpassed its goal by committing a total of \$13.8 million in advances to 23 economic development projects in the district. These projects are listed in ***Exhibit B***.

E. Community Investment Housing Lending in 2003

1. Advances

(a) *The Community Investment Program (CIP)*

The Community Investment Program has assisted people with a variety of housing needs. Since its inception in 1990, the Bank has committed \$893,877,073 million in funds to finance below-market-rate residential loan programs, community economic development projects, and AHP-related projects.

January - November 2003 Activity

From January to November 2003, the Bank committed a total of \$4,747,000 million in CIP funds. Member lenders drew down \$6,050,000 million in CIP advances bringing the total of CIP advances funded since 1990 to over \$926,051,008 million.

2. Grants

(b) *Affordable Housing Program (AHP)*

The following statistics provide an overview of AHP results for the 2003 First Offering:

- Number of applications received for *First Offering 2003* - 126
- AHP Subsidy Requested - \$42,143,953
- Number of Winning Projects - 44
- AHP Subsidy Awarded - \$11,996,495
- Number of Units - 1,762

Second Offering 2003 will be approved at the December 18, 2003 Board of Directors' meeting.

3. First Home Clubsm Program

The Bank continues to search for ways to make homeownership available for those who want to own a home of their own. One of the most visible challenges to first-time homebuyers is the inability to save sufficient funds for the downpayment and closing costs.

At this time, there are 46 approved member participants in the First Home Clubsm Program. There are 12 in New Jersey, 29 in New York, and 5 in Puerto Rico.

First Home Clubsm Program Facts:

- \$26,468,477 total program allocation
- \$6,282,527 funded to 862 eligible households
- \$13,235,177 set aside by households currently enrolled
- 2718 households currently enrolled

4. Letter Of Credit (LOC)

Activity in 2003

The Bank's Letter of Credit ("LOC") product has supported community development by reducing transaction costs and enhancing the marketability of various bond issuances. At the end of November 2003, the Bank had a total of 41 outstanding Letters of Credit amounting to \$81,363,563, consisting of the following letter of credit types on behalf of members to support credit needs, as well as, housing and economic development activities:

- 6 CICA Letters of Credit totaling \$7,369,972
- 18 Municipal Letters of Credit totaling \$22,900,000
- 14 Standby Letters of Credit totaling \$30,748,872
- 3 Direct Pay Letters of Credit totaling \$20,364,719

The Bank plans to continue to offer housing programs, credit enhancement and investment products, which will support our members as they invest in their communities.

EXHIBIT A
DISTRICT II MARKET PROFILE

DISTRICT II MARKET PROFILE**DISTRICT-WIDE ECONOMIC PROFILE****UNEMPLOYMENT*****New York State & New York City***

As of October 2003, unemployment rates fell and jobs once again rose nationally and statewide. The nation's unemployment rate was 6.0 percent while New York State's unemployment rate was 6.2 percent, (after seasonal adjustment). In New York City, the unemployment rate was 8.2 percent. New York State's private job sector job count increased in October by 0.2 percent while the private sector jobs in the nation increased by 0.1 percent.¹

New Jersey

New Jersey's unemployment rate fell for the third consecutive month to 5.7 percent in October and reached its lowest level since May. The New Jersey rate remained below the nation's jobless rate of 6.0 percent for the seventh straight month. Jobs once again rose in October reaching their highest total since December 2000.²

Puerto Rico

As of October 2003, the unemployment rate was 11.4 percent, down 0.4 percent from the same month, a year ago. The employment level was 1,236,922, up 35,294 from the same month, a year ago.³

US Virgin Islands

Data for the U.S. Virgin Islands seemed stable and was available from the 2000 Census while data for New York, New Jersey, and Puerto Rico was updated to October 2003.⁴

The table below covers our District and shows the status of employed versus unemployed as of October 2003:⁵

<i>District</i>	<i>Employed</i>	<i>Unemployed</i>	<i>Unemployment Rate</i>
New York State	8,803,388	582,043	6.2%
New York City	3,384,269	306,020	8.2%
New Jersey	4,184,137	251,588	5.7%
Puerto Rico	1,236,922	159,264	11.4%
US Virgin Islands (2000)	46,565	4,368	5.6%

DISTRICT-WIDE ECONOMIC PROFILE (Cont'd)

IMMIGRATION

The current rate of immigration has jumped significantly over the historically high 1990s level. Immigrants are estimated to be pouring into the country at a rate that increases the population by about 1.4 million each year.⁶

New York

Population growth, driven by immigration is taking its toll on New York, the third largest state in the country. This large-scale population growth is bringing traffic, pollution, overcrowded schools, and lack of affordable housing to the state, decreasing quality of life and straining natural resources.

New York City's housing supply has not kept pace with its surging population, creating high prices, overcrowding, and homelessness. While the city's population grew by six percent in the last ten years, the number of housing units only rose by two percent.

For example, among large counties, the Bronx has the third highest rate of severely crowded housing (ten percent). In Flushing, the housing shortage is so severe that there is simply no more living space. Houses and apartments are being subdivided, and basements, attics, and garages are all being rented out.⁶

New Jersey

Population estimates show that New Jersey is adding people faster than any other state in the Northeast, primarily because of the increase in immigrants. This population driven by immigration growth is taking a serious toll on New Jersey, bringing traffic, overcrowded schools, pollution, and lack of affordable housing to the state, decreasing quality of life and straining water and other vital natural resources. New Jersey is the third most expensive state for renters, behind California and Washington, D.C.⁷

Puerto Rico

As of July 1, 2002 population estimate for Puerto Rico is 3.9 million, up 20,445 people since July 1, 2001. Puerto Rico's population represented a one-year increase of 0.5 percent that was slightly lower than increases in previous years.⁸

The table below shows the rise in the number of foreign-born residents in our District from 1990 to 2000:

<i>District</i>	<i>State Population</i>	<i>Population Increase</i>	<i>Foreign-Born Population</i>	<i>Percent Foreign-Born</i>
New York	18,976,457	1,016,272	3,868,133	20.4%
New Jersey	8,414,350	684,162	1,476,327	17.5%
Puerto Rico	3,856,806	20,445	N/A	N/A

DISTRICT-WIDE HOUSING PROFILE

RENTAL HOUSING

As housing costs increase faster than wages, decent, modest housing is increasingly out of reach for millions of Americans. Many families are unable to afford safe and decent rental housing. Wages have failed to keep pace with rental costs, rental costs have increased faster than costs of other basic needs, affordable rental housing is being lost to homeownership and market-rate rentals, and little or no new affordable housing is being built. As a result, these families are living in substandard conditions, are homeless, or are making choices each day to spend money on housing and do without health care, child-care, or other basic necessities. ⁹

Two groups where affordable housing needs have reached a critical level are women-headed households and single women. Twenty-eight percent (28%) of women-headed families with children are paying more than half their incomes for housing, or are living under overcrowded or substandard conditions. Twenty-one percent (21%) of single women face the same conditions. Compared to the number of households headed by men that face high costs and low-quality housing, women-headed households disproportionately have housing problems.¹⁰

In our District, New York and New Jersey are included in the list of states that are least affordable and with the largest increases in housing wages. Nassau and Suffolk Counties in New York are two of the least affordable counties in terms of housing wage for a two-bedroom while Bergen and Passaic counties are the least affordable in New Jersey.⁹

The table below shows the least affordable states and counties in our district and housing wages and percent increase for a two-bedroom:

<i>Least Affordable States</i>	<i>Housing Wages For 2-Bedroom</i>	<i>Percent Increase In 2-Bedroom Housing Wage</i>
New York	\$18.87	3.48%
New Jersey	\$19.74	4.73%

<i>Least Affordable Counties</i>	<i>Housing Wages For 2-Bedroom</i>
Nassau & Suffolk (New York)	\$25.46
Bergen & Passaic (New Jersey)	\$20.19

In New York City, a large number of renters spend the majority of their income on rents for apartments. Because of this high rent burden, many families are living under crowded conditions, are homeless or living in shelters.⁹

New Jersey is already the most densely populated and developed state in the nation. Statewide, renters need an hourly wage of \$17.87 to afford a two-bedroom apartment, renting for a typical \$929.⁷

The table on page 11 shows the relationship between rental costs and the minimum wage within our District and also calculates the number of hours per week a minimum-wage earner needs to work in order to afford to rent a typical two-bedroom apartment at the fair market rent.⁹

DISTRICT-WIDE HOUSING PROFILE (Cont'd)

Rental Housing Tables - 2003

<i>District</i>	<i>Fair Market Rent for 2-Bedroom</i>	<i>Annual Income Needed to Afford</i>	<i>Hourly Wage Needed to Afford</i>	<i>Percent Change in 2-Bedroom Housing Wage</i>	<i>Work Hours/Week Necessary @ \$5.15/ Hr</i>
New York	\$981	\$39,250	\$18.87	3.66%	147
New Jersey	\$1,026	\$41,056	\$19.74	3.83%	153
Puerto Rico	\$447	\$17,863	\$8.59	167%	67

The table below shows total households, renter households, renter households as percent of total households, and Median Income in our District as of 2003.⁹

<i>District</i>	<i>Total Households</i>	<i>Renter Households</i>	<i>Renter Households As percent of total Households</i>	<i>Median Income</i>
New York	7,056,860	3,317,694	47%	\$58,459
New Jersey	3,064,645	1,053,172	34%	\$74,156
Puerto Rico	1,261,325	341,556	27%	\$19,176
US Virgin Islands (2000)	40,648	21,894	N/A	N/A

HOMEOWNERSHIP

Nationally, homeownership has reached a record level, in which 68 percent of households now own their homes. Despite the latest recession, there have been strong home sales, rising home prices and an upbeat housing market. Although these trends are encouraging, foreclosures on home loans are also escalating as have been over the last 20 years, reaching a level of 0.37 percent in 2002.¹¹

Upstate New York

Foreclosure studies on the city of Buffalo have uncovered significant concentrations of foreclosures in specific neighborhoods and on the city's declining property values. This condition may be linked to the current economic situation and the increasing number of residential mortgages in which the amount of the loan is high in relation to the value of the property.¹¹

North of New York City

Housing prices in the suburbs north of New York City have grown so far out of reach for many residents that 79 percent of households would not have been able to qualify for a conventional 90 percent mortgage on a median-priced home in their community in 2002.¹²

DISTRICT-WIDE HOUSING PROFILE (Cont'd)

Hudson Valley Region

In the suburbs north of New York City, in the Hudson Valley region, which includes, Westchester, Putnam, Rockland, Dutchess, Orange, Ulster, and Sullivan Counties, housing prices have grown so far out of reach for many residents that 79 percent of households would not have been able to qualify for a conventional 90 percent mortgage on a median-income home in their community. While new building is taking place in the Hudson Valley, it has not kept pace with an increase in households.¹²

Long Island

Long Island's middle-class is experiencing a housing squeeze. One-third of Long Island households - 292,000 homeowners and renters must use 30% and more of their income to cover their housing costs. This is up 12% from ten years ago. For homeowners, it is up nearly 17% since 1990. The elderly population, which has grown at 2.5 times the rate of the total population on the island over the past ten years, cannot pay the median rent for apartments if their only income is social security or a similar retirement income.¹³

New Jersey

There was a 34.3 percent decrease in new home sales in New Jersey. Economists attribute this decrease to limited land for suburban subdivisions. Permits for single-family homes have dropped 14.3 percent to 18,000 units. The three counties in New Jersey that have recorded increase in building permits are Cumberland, Gloucester, and Union. The limited supply of new homes has angered New Jersey's existing home market.¹⁴

The Census 2002 data below shows data for two states in our district in the following table:

<i>District</i>	<i>Population</i>	<i>Total Housing Units</i>	<i>Occupied Housing Units</i>	<i>Homeownership Rate</i>
New York	19,157,532	7,754,508	7,060,516	55.0%
New Jersey	8,590,300	3,372,572	3,081,928	67.2%

A recent study has shown that homeownership rates are high among U.S. naturalized citizens. Blacks, Asians and Pacific Islanders, and Hispanics who are naturalized citizens had higher homeownership rates than their U.S.-born race and ethnic counterparts.¹⁵

<i>Foreign-Born Ethnic Groups</i>	<i>Homeownership Rate</i>	<i>Native-Born Counterparts</i>	<i>Homeownership Rate</i>
Blacks	51%	Blacks	49%
Asia & Pacific Islanders	70%	Asia & Pacific Islanders	57%
Hispanics	53%	Hispanics	54%

SOURCES OF INFORMATION

- ¹ New York State Department of Labor: "New York State's Private Sector Job Count Outpaces Nation. State Unemployment Rate Declines." November 2003.
- ² New Jersey Department of Labor: "Jobs Reach Highest Level Since December 2000; Unemployment Drops for Third Consecutive Month." November 2003.
- ³ U.S. Bureau of Labor Statistics: Puerto Rico Economy at a Glance. November 2003
- ⁴ U.S. Census Bureau: "Population and Housing Profile: 2000. U.S. Virgin Islands.
- ⁵ U.S. Bureau of Labor Statistics: (New York, New Jersey, Puerto Rico, and U.S. Virgin Islands Economy at a Glance). November 2003.
- ⁶ Federation of American Immigration Reform (FAIR): "Mass Immigration Soaring Since 2000."
- ⁷ Federation of American Immigration Reform (FAIR): Immigration Impact - New York and New Jersey.
- ⁸ U.S. Census Bureau: Population Estimates and Population Change for Puerto Rico: July 1, 2001 to July 1, 2002.
- ⁹ National Low-Income Housing Coalition, "Out of Reach 2003: Housing Remains "Out of Reach" for Millions of Americans - Housing Wage Increases Faster than Inflation, Report Finds - Unaffordable Fair Market Rents." Press Release: September 2003.
- ¹⁰ The McCauley Institute: "Women and Housing: A Status Report." March 2003.
- ¹¹ Federal Reserve Bank of New York, Buffalo Branch: "The Regional Economy of Upstate New York. Examining the Foreclosure Rate." Spring 2003.
- ¹² New York State AFL-CIO: New York State AFL-CIO Unveils Report: "The Crisis of Affordable Housing for Hudson Valley' Working People." Press Release: September 2003.
- ¹³ New York State AFL-CIO: New York State AFL-CIO Unveils Report: "The Crisis of Affordable Housing for Long Island's Working People." Press Release: September 2003.
- ¹⁴ Jordan, George, E, "While New Homes in U.S. Sizzle, Jersey Fizzles. Jersey's Problem: Lack of Land." The Star Ledger, December 2002.
- ¹⁵ U.S. Census Bureau: Moving to America, Moving to Homeownership. October 2003.

SOURCES OF FURTHER INFORMATION

New York State Department of Labor, www.labor.state.ny.us
New Jersey Department of Labor, www.state.nj.us/labor
Federation of American Immigration Reform (FAIR), www.fairus.org
National Low-Income Housing Coalition, www.nlihc.org
The McCauley Institute, www.mcauley.org
New York State AFL-CIO, www.nysaflcio.org

EXHIBIT B
EXAMPLES OF RDA & UDA PROJECTS

2003 RURAL AND URBAN DEVELOPMENT ADVANCES

From January to November 2003, the Bank committed a total of \$1.8 million RDA projects.

Project: *Day Center, Tonawanda, New York*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$356,735*
Term: *15 years; 15 years amortization*

Project Description: The proposed loan will be used to provide permanent financing for a 1,600 sq. ft. commercial building that the sponsor, Heritage Christian Home, Inc. (HCH), a not-for-profit agency acquired and renovated in Tonawanda, New York. The building will house rehabilitation services for very low-income individuals who are on SSI because of multiple disabilities. HCH provides housing services to 260 men and women in over 35 homes that provide 24-hour staffing. HCH employed 900 in 2001.

Project: *Discount Food Store*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$192,000*
Term: *3 years; 3 years amortization*

Project Description: The project, Leroy Discount Foods, Inc. is an operating entity for a Save-A-Lot at 15 West Main Street in LeRoy, New York. The owners opened the 12,000 square feet store in 1999 at this location, which was formerly an Acme Grocery Store. Save-A-Lot is a national company that is expanding into New York. Save-A-Lot sells a limited assortment of high volume, high quality private and custom label products, purchased at the lowest possible cost and sold at the lowest possible retail. The store features between 2,000 to 2,400 items, all displayed on pallets in the store, from which the customers make their selection and also do their own bagging, all in an effort to reduce costs. The owners of Le Roy Discount Foods, Inc., are for-profit developers, Joseph A. Roberts and Jeffrey Roberts. In order to sustain the economic viability of the business, the owners would like to take advantage of the low interest rate environment and refinance the existing debt on their facility.

Project: *Library*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$83,000*
Term: *5 years; 30 years amortization*

Project Description: The RDA funds will be used to assist in the relocation of a library located in Ellington, New York. HSBC's pricing will be 150 basis points less than normally charged.

Due to size and safety concerns, the Farman Free Library will be relocated to a building formerly known as "Lock, Stock and Barrel" at 190 North Park Street in Ellington, New York. The building proposed is more than double the square footage of the current premises structurally sound and readily convertible to current building code compatibility, according to the A.I.A. architect. The Farman Free Library's mission as a community library is to meet the educational, intellectual and social needs of the community. Ellington is a small, low-income rural community without benefit of a local school or community center, yet with a rich educational history. Ellington was the site of the first public secondary school in New York State, founded circa 1824.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

Project: *Refrigeration Facility*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$534,000*
Term: *15 years; 15 years amortization*

Project Description: The refrigeration facility located in Holley, New York, provides refrigeration services for the food processing industry. The company has over one million cubic feet of refrigeration space and has major customers such as: Motts, Beechnut and Heinz. The proposed loan will be used to refinance a mortgage with Farm Credit that currently has a variable interest rate and requires the borrower to make one annual payment of principal and interest on April 1 of each year versus 12 monthly installments. The proposed loan has a SBA guarantee, and will assist in the economic viability of the business by taking advantage of the low interest rate environment and monthly payments of principal and interest versus one annual payment. All employees have incomes less than 115% of AMI.

Project: *Home Ownership Center*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$165,000*
Term: *15 years; 15 years amortization*

Project Description: The RDA funds will be used to provide the first mortgage on the property in this rural community. The project, Home Ownership Center, will be owned and operated by Opportunities for Chenango, Inc. (OFC). OFC is a not-for-profit agency organized as a 501(c) 3 committed to supporting families and individuals through programs that focus on child and family development, housing security, life skills training, education, literacy, health and nutrition, community, employment and economic development.

Project: *Auto Repair & Towing Business*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$383,000*
Term: *5 years; 5 years amortization*

Project Description: The Auto & Towing, Inc. was established in 1957 in Batavia, New York. The purpose of this term loan is to refinance a 3.7-acre parcel of land that was acquired with seller financing (and has since been improved with a 25,000 square foot commercial building), to refinance a term loan held by HSBC for two (2) new 2001 tow trucks, and to refinance a term loan held by HSBC, the proceeds of which were used to pay off debt owed to Pavilion State Bank for equipment purchases. The Auto Repair & Towing Company desires to enhance the economic viability of their business by consolidating their debt in this low interest rate environment. In addition, the company has six (6) employees, whose incomes are within the range of 115 percent of the AMI for this rural area in Genesee County.

Project: *Coles Transportation*
Customer Institution: *HSBC Bank USA*
RDA Commitment: *\$60,000*
Term: *7 years; 7 years amortization*

Project Description: Coles Transportation Service, Inc. formerly known as Hilton-Spencerport Express, Inc., is an old family trucking concern originally established in the Orleans County area to transport produce in this agricultural area. Over the years, the company has expanded its trucking services, as well as their warehouse facilities, and now services most of Western New York State. They currently have 23 employees and with the expansion, they will create 1 – 2 new positions. The RDA funds will be used to construct a 7,200 square foot addition to the warehouse.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

The Urban Development Advance (UDA)

From January to November 2003, the Bank committed a total of \$12.0 million in UDA projects.

Project: *KG&G Warehouse*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$138,750*
Term: *15 years; 15 years amortization*

Project Description: The proposed term loan will be used to provide financing for a 6,150 square foot warehouse located at 711 Emerson Street in Rochester, New York. The warehouse will be used as a distribution center for roofing and siding materials. The company has been leasing this facility for over 15 years and now has the opportunity to purchase it. The building is in good condition and rather than relocate to another facility they are going to purchase the warehouse located in this moderate-income census tract in downtown Rochester. The purchase of the building will maintain current employment from the company (many of which are lower paying laborer wages) within City of Rochester. The continued use of the building and employment will provide stabilization and economic benefits to the neighborhood.

Project: *2359-61 Eighth Avenue*
Customer Institution: *Carver Federal Savings Bank*
UDA Commitment: *\$1,200,000*
Term: *5 years; 30 years amortization*

Project Description: The UDA funds will be used to renovate the mixed-use project. The properties are two five-story walk-up, mixed-use buildings containing 20 apartments and 4 stores located at 2359 and 2361 8th Avenue in Harlem, New York. It is estimated that 10 to 20 contracting jobs will be created. The New York Emerging Neighborhoods Fund is the managing company that controls Neighborhood 8th LLC. The fund is sponsored by Scott Metzner and Jerry Salama and is made up of a consortium of lenders.

Project: *The Jefferson Plan – Phase II*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$41,000*
Term: *15 years; 15 years amortization*

Project Description: In October of 2000, an existing building that was the former home of the Southwest Area Neighborhood Association (S.W.A.N.), was destroyed by a fire. A combination of insurance proceeds, sponsor equity, a City of Rochester's grant, an original UDA previously advanced, and this new UDA request for funds, will finance the construction of a new 3,700 square foot, two-story building. The owner experienced a delay in the construction of the facility, since he served in the armed forces in Afghanistan. Upon his return, the building was started in the Fall of 2002 and completed in the first quarter of 2003. Development costs were greater than anticipated, and owner/developer sought a second UDA advance to finance the shortfall. This new construction will re-establish the services provided by S.W.A.N., and stimulate the revitalization of one of Rochester's largest historically underutilized neighborhood areas. In addition to S.W.A.N., a restaurant and barbershop will be operated in the facility. The second floor will house two affordable rental apartments. It is estimated that 4 – 6 new jobs will be created in the restaurant and barber fields, as well as small business opportunity in the construction trades as the new facility is being built.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

Project: *Qualtech Reprographics, Inc.*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$384,000*
Term: *7 years; 7 years amortization*

Project Description: The proposed term loan will be used to purchase new equipment, a Heidelberg Quickmaster Direct Imaging "Pro" version Four Color Offset Press, Serial #991597. Qualtech Reprographics, Inc. is a minority-owned business located in Rochester, New York. The business is 100 percent owned by Lisa Giglio, a for-profit developer. The company currently employs 11 people and will create three (3) new full-time jobs with the addition of this equipment. Full time jobs will be created for a press operator, salesperson, and set-up-cutter, binder. All employees earn less than 100 percent of the area median income. In addition, this proposed loan will have a SBA guarantee. Continued employment will provide stabilization and economic benefits to the neighborhood.

Project: *Apostolic Church*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$100,000*
Term: *15 years; 15 years amortization*

Project Description: The proposed term loan will be used as a first mortgage of an Apostolic Church located at 1511 Dewey Avenue in the City of Rochester, New York. The principal of the New Beginnings Apostolic Faith Church, Inc., is in the process of purchasing a new facility for his church. The new facility has three (3) floors. The main floor will be for the pulpit and worship area, with the other floors to be used as classrooms and offices. The congregation currently has 80 members and is rapidly expanding, hence the need for a larger facility.

Project: *EH & HD 183rd Street*
Customer Institution: *Carver Federal Savings Bank*
UDA Commitment: *\$3,000,000*
Term: *5 years; 25 years amortization*

Project Description: The subject property is a five-story elevator, mixed-use building located at 183rd Street, Bronx, New York. The building houses two commercial units leased to Dunkin Donuts and Deli/Grocery, one professional unit leased to a Dentist and 32 residential units net leased to Lex Bronx Residence, a private, for-profit agency accommodating battered women, children and other displaced persons. Renovations will be made to the property as well. It is estimated that 10 contracting jobs will be created. The sponsors have been investing in and rehabilitating real estate for over 20 years.

Project: *Lifetime Assistance Transportation – Phase III*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$400,000*
Term: *3 years; 3 years amortization*

Project Description: The UDA funds will be used to purchase 14 transportation vehicles which will permit Lifetime Assistance, Inc., to continue to service the needs of the low- and very- low- income population with mental retardation and developmental disabilities in Monroe County, New York. Historically, Lifetime Assistance, Inc. replaces vehicles every 3-4 years. The transportation service is an essential service for this disabled population. The vehicles will be used to transport clients to and from services including vocational workshop center which provides employment opportunities.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

Project: *Westside Shopping Plaza*
Customer Institution: *N.J.M. Bank, FSB*
UDA Commitment: *\$200,000*
Term: *1 year*

Project Description: The project involves the renovation and expansion of a retail strip center located in Trenton, New Jersey. When completed the project will contain approximately 50,000 square feet of retail space. The center will be anchored by 34,000 square foot, full service (including a pharmacy) grocery store. The site is in a general state of disrepair and it appears that some preliminary clean-up work has begun. It is estimated that some new jobs will be created as well as small business opportunity in the construction trades as the new facility is being built. The total development cost of the project is \$4,031,366. The permanent loan will be provided through a consortium of 5 institutions through TICIC. Institutions involved in the project are First Savings Bank, Merrill Lynch, Rahway Savings Bank, Roma Federal Savings Bank, The Trust Company of New Jersey, and NJEDA.

Project: *King Plaza*
Customer Institution: *N.J.M. Bank, FSB*
UDA Commitment: *\$250,000*
Term: *3 years*

Project Description: The project involves the demolition of existing buildings, renovations to some building and the construction of new buildings. This project is being done through the Thrift Institutions Community Investment Corporation ("TICIC"). NJM Bank is serving as one of several members involved in this project. The total development cost for the project is \$72.3 million. The project consists of 249 residential apartments, 66,000 square feet of retail space and a three-level, 573-space parking garage. The project will receive Low Income Housing Tax Credits which targets families at or below 80 percent of median income.

Project: *Florist Shop*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$110,000*
Term: *10 years; 10 years amortization*

Project Description: Blanchard Florist is a floral shop founded by Mr. Blanchard in 1981 and serves western Monroe County. Shortly afterward, the place of business in Greece, New York, a suburb of Rochester was destroyed by fire. The owner then entered into a lease agreement for space at another location. The owner now desires to purchase the 2,250 square foot building, plus upgrade the building with added floor area, coolers for the flowers, and re-surface the parking area. This small business currently employs 11 employees. The UDA will be used as a first mortgage for the acquisition of the florist shop building.

Project: *2360 Jerome Avenue*
Customer Institution: *Carver Federal Savings Bank*
UDA Commitment: *\$607,500*
Term: *5 years; 20 years amortization*

Project Description: The UDA funding will support the purchase of a property located on Jerome Avenue in the Bronx, New York. The subject property is a 9350 square foot, one-story retail strip that has 7 units. The retail strip consists of a grocery store, bar, restaurant, appliance store, tax consultant, real estate office, and fabric store. Renovations will be made to the property as well. It is estimated that 30 service jobs will be created. The sponsors of the project are partners, who are all experienced real estate owners and managers that have been partnering for many years.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

Project: *Boricua College, Inc.*
Customer Institution: *Hudson Valley Bank*
UDA Commitment: *\$2,000,000*
Term: *5 years; 20 years amortization*

Customer Institution: *New York National Bank*
UDA Commitment: *\$1,000,000*
Term: *5 years; 20 years amortization*

Project Description: Hudson Valley Bank ("HVB") and New York National Bank ("NYNB") have submitted requests for \$3,000,000 (HVB, \$2,000,000 and NYNB, \$1,000,000) with a maturity of 155 years and 2015 years amortizing to fund the project, Boricua College, Inc. The loan will assist the college to purchase and renovate a new building, renovate their existing facilities, located in the areas of Brooklyn and New York City, New York, and refinance existing debt.

It is estimated that 115.5 new jobs will be created for faculty facilitators, adjunct faculty, an associate dean, environmental personnel, admissions, registrations and assessment, financial aid, bursar, finance, information technology, and human resource. All positions created will be for the new building. The new location will allow the College to educate 400 additional students. The vast majority of these students are expected to have an adjusted family income of \$7,500 or lower.

Project: *Mermaid East Corporation*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$840,000*
Term: *7 years; 20 years amortization*

Project Description: The UDA funds will be financing a building located at 1519 Mermaid Avenue located in the Coney Island section of Brooklyn, New York. The building houses two health organizations - an adult daycare and an optional care facility. Due to the funding of this project it is estimated that 40 - 45 jobs will be created for professional nurses and nurses' aides. The borrower, Mermaid East Corporation is a real estate holding company owned 100 percent by Astella Development Corporation. Astella is a local community development corporation in Coney Island, New York that has been able to attract need services to the area to benefit low- to moderate-income families in the area. Mermaid East was formed to purchase the property on 1519 Mermaid Avenue, a new, 5900 square foot, one-story building. Two tenants occupy the building: Comprehensive Care Management Corporation, an adult day care center and Azec Corporation, a retail eyeglass company.

Project: *The Storage Stop, Inc.*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$1,540,000*
Term: *10 years; 20 years amortization*

Project Description: The Storage Stop, Inc. is a 289-unit storage facility located in Newburgh, New York. The existing buildings total approximately 43,000 square feet of storage space and with the acquisition of an additional five (5) acres of land next to the existing buildings, another 63,700 square feet of storage space will be added. The funds will be used to purchase the land (\$460,000), construction of the first building (\$540,000), and to refinance the existing mortgage (\$540,000) on the existing buildings. The owners of The Storage Stop, Inc. are for-profit developers, Mr. John Cho and Mr. Patrick Page.

2003 RURAL AND URBAN DEVELOPMENT ADVANCES (Cont'd)

Project: *CPA Firm*
Customer Institution: *HSBC Bank USA*
UDA Commitment: *\$205,000*
Term: *5 years; 10 years amortization*

Project Description: The purpose of the UDA funds is to refinance the first mortgage on the office building housing Heveron & Heveron, CPA's, PC, an accounting firm located in Rochester, New York. The firm specializes in the small business segment of the market providing forecasting and budget services, management consulting, strategic planning and computer automation assistance, as well as accounting, auditing and tax preparation. John F. Heveron, Jr., who is currently the managing president, established the firm in 1972. The company currently employs 15 individuals. South Plymouth Partners is the real estate holding entity for the property at 260 South Plymouth Avenue in Rochester, New York. The loan will help sustain the economic viability of the company by taking advantage of the low interest environment.