

FHLBank Topeka

2004 Community Support Program and Community Lending Plan

Adopted by the board of directors 12/19/2003

Introduction

The 2004 Community Support Program and Community Lending Plan (CSP/CLP) of the Federal FHLBank Topeka (Bank) is established to promote and enhance housing and community development in the Tenth District by providing loans, grants and other assistance to member stockholders. While this plan includes many of the programs and activities undertaken by the Bank in the area of community support, it is not intended to be a complete description of all of the Bank's programs and activities directed at enhancing housing and community development.

The Bank's ongoing community support efforts and initiatives include the Rural Homebuyer Training Program, the Affordable Housing Program (including the Rural First-time Homebuyer Program and Targeted Ownership Program), the Community Housing Program, the Community Housing Program *Plus* (targeted to financing for rental housing), awards, technical assistance and outreach (including the Rural Technical Assistance Program) as well as partnerships with federal, state and local housing and community development organizations. Also included is the Community Development Program, a continuation of the 2000 community lending initiative which combines the Rural Development Advance and Urban Development Advance programs authorized in late 1998 by the CICA regulations with the existing economic development activities of the Community Investment Program.

In 2003, a new program was established to provide CICA advances for members financing in federally designated disaster areas. The program entitled Housing and Community Development Emergency Loan Program (HELP) will be directed toward communities that have suffered a disaster, natural or otherwise.

The Bank is establishing two new community support programs in 2004: the Economic Development Funding Program (JOBS) and the Regional Needs Initiative.

Information concerning current programs and the new initiatives adopted as part of the Community Support and Community Lending activities undertaken by the Bank will be provided to the Bank's Affordable Housing Advisory Council.

Research

In 2004, the Bank will continue to conduct research to identify opportunities for stockholders to increase the availability of affordable housing finance, community development finance and

financial and credit services in underserved neighborhoods and communities. In carrying out this research, the Bank will consult with stockholders, nonmember borrowers, the Affordable Housing Advisory Council (AHAC) and public and private housing and economic development organizations within the district.

Research will be conducted through the use of both primary and secondary sources. The primary sources used by the Bank include consultation with members and economic development organizations within the Bank's four-state district and consultation with the AHAC. Secondary sources include a review of materials related to some of the classes of CICA-targeted beneficiaries such as plans for designated Enterprise Zones, Enterprise Communities and Champion Communities. Other materials reviewed but not related to CICA targeted beneficiaries include each state's Consolidated Plan for Housing as well as Consolidated Plans prepared for larger communities, census data, publications applicable to the district, rural resources and state and local sources.

The Bank will also continue to seek information on opportunities to enhance and promote housing and community development finance from stockholders, nonmember borrowers, the AHAC and public and private housing and economic development organizations as part of the ongoing administration of the Bank's programs and through participation in seminars and forums. As an example, in 2003 the Bank assembled several resource documents as part of the RTAP process directed to various housing needs including homeownership, new construction for single-family homes, housing rehabilitation and homeownership education and counseling. Copies are available at the community lending portion of the Bank's Web site www.fhlbtopeka.com.

Technical Assistance and Outreach

FHLBank Topeka has taken a leadership role in the promotion of minority homeownership as part of the Bush Administration's *Blueprint for the American Dream* initiative designed to increase minority homeownership. As chair of the FHLBank's Bank Presidents Housing Committee, the Bank's president coordinated the planning for an FHLBank forum on minority homeownership that was held in April 2003. The forum brought together representatives of the FHLBanks including community investment officers, Affordable Housing Advisory Council chairs, FHLBank presidents and interested parties from non-FHLBank national housing organizations. This provided an opportunity for an exploration of the roles that would be feasible and appropriate for the FHLBanks to play in promoting homeownership for minorities over the remainder of the decade. A publication of the proceedings of the forum was released in June 2003.

The Bank's HCD staff provide technical assistance to stockholders and housing development organizations in the district on an ongoing basis, including assistance in the preparation of AHP, CHP and CDP applications. Technical assistance activities include presentations and co-sponsorship of affordable housing workshops and seminars, individual on-site consultations with stockholders and housing development organizations, continuous availability through phone

contacts, and contacts to all new stockholders upon approval of Bank membership. Information and links to other resources are provided on the Bank's Web site at www.fhlbtpeka.com.

The Bank offers the Rural Technical Assistance Program (RTAP) to assist rural stockholders and communities in addressing local needs for affordable housing and economic development. The Bank will work cooperatively with a stockholder, local government entities and other interested parties to develop an understanding of local economic development and housing needs, both current and long-term. Technical assistance under the RTAP includes but is not limited to: (1) consulting with the participating groups on assessing and responding to economic development and housing needs, including the identification of organizations that can assist with those tasks; (2) assisting in the identification and documentation of any financing resources applicable to the identified economic development or housing projects; (3) promoting the use of the Bank's products and programs; and (4) development of a Web site devoted exclusively to economic development information and enhancement of that portion of the Bank's Web site devoted to RTAP.

Affordable Housing Program (AHP including Rural First-time Homebuyer Program)

The AHP, including the Rural First-time Homebuyer Program (RFHP) and Targeted Ownership Program (TOP) for disabled, first-time homebuyers, is set forth in the Bank's 2004 AHP Implementation Plan.

Community Housing Program (CHP)

The CHP provides advances to stockholders to finance homeownership programs and rental projects for low- and moderate-income rental housing projects. CHP advances are governed by the Bank's Member Products and Services Guide. See appendix A.

Community Housing Program Plus (CHP *Plus*)

Under CHP *Plus*, the FHLBank makes advances to members that allow the member to offer a discounted lending rate for low-income rental housing projects. CHP *Plus* advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

Community Development Program (CDP)

The CDP provides advances to stockholders to finance commercial and economic development activities. CDP advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

Housing and Community Development Emergency Loan Program (HELP)

HELP provides advances for members' financing in federally designated disaster areas. HELP advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

FHLBank Economic Development Funding Program Design Joint Opportunities for Building Success (JOBS)

A new program proposed to be offered beginning in early 2004, JOBS will assist members in promoting employment growth in their communities. The Bank will provide \$500,000 in funding for JOBS in 2004. A recoverable grant program, funds will be allocated annually and combined with recovered monies to support projects. The following are elements of JOBS: (1) funds made available only through Bank members; (2) \$25,000 maximum funding per member (and \$25,000 per project) annually; (3) members and project participants agree to participate in publicity highlighting their role as well as that of the Bank's contribution to the project and community/region; (4) projects that appear to be "bail outs" are not eligible; and (5) members cannot use JOBS funds for their own direct benefit (e.g., infrastructure improvements to facilitate the new branch location).

JOBS is a competitive program and the following competitive factors will be used by HCD staff and management for consideration and evaluation of proposals submitted for the program: (1) impact on employment (e.g., number of jobs created/supported, quality of jobs created/supported, viability of project and readiness to proceed); (2) community needs and support (e.g., challenged economic area, measurable benefit to the community, member and community participation and multiple sources for funding and/or technical assistance); and (3) other (i.e., recoverability of funds, utilization of multiple FHLBank products for project and distribution of funding throughout the district).

In the event all funds are not allocated as a result of the competitive process by October 31, of each year, the Bank will consider requests consistent with the program's goals on a first-come, first-serve basis for the remainder of the calendar year. The Bank is not required to fund any request and reserves the right to reject any requests even though funds may be available. Members will be required to execute agreements agreeing to the terms of the program and use of approved funds. Members may be approved for multiple grants not to exceed the \$25,000 per member annual limit. Funding decisions made by management will be presented to the Housing and Community Development board committee prior to the dispersal of funds.

Regional Needs Initiative

The Regional Needs Initiative is a flexible grant program to address housing and community development needs within the district that are not fully addressed by the Bank's other programs. The Bank will work cooperatively with Congressional offices to identify those needs. In order to provide the maximum flexibility in identifying and addressing housing and community development needs, the program will not have prescribed criteria. All grants made by the Bank will be promptly reported to the Housing and Community Development Committee. Funding available for the Regional Needs Initiative for 2004 is \$100,000.

2003 CHP and CDP Performance Goals Update

Community Investment Program Penetration. Goal: For the 2003 calendar year, have 250 members submit a CHP, CHP Plus or CDP advance application or register to participate in a first-time homebuyer program administered by the Bank. Progress Report: Through November 30, 2003, 179 stockholders have registered to participate in RFHP, 78 others have submitted a CHP, CHP Plus or CDP application and 7 others have registered to participate in TOP for a total of 264 members. This represents 106% of the goal.

Small Business Advances. Goal: For the 2003 calendar year, make 20 CHP/CDP advances to stockholders for purposes of lending to small businesses. Progress Report: 38 small business projects approved through November 30, 2003, representing 190% of the goal.

Small Farm Advances. Goal: For the 2003 calendar year, make 25 CHP/CDP advances to stockholders for purposes of lending to small farm projects. Progress Report: 96 small farm projects approved through November 30, 2003, representing 384% of the goal.

Small Agribusiness Advances. Goal: For the 2003 calendar year, make 10 CHP/CDP advances to stockholders for purposes of lending to small agribusinesses. Progress Report: 5 small agribusiness projects approved through November 30, 2003, representing 50% of the goal.

Multi-family Housing Advances. Goal: For the 2003 calendar year, make 30 CHP/CDP advances to stockholders for purposes of lending to multi-family housing projects. Progress Report: 20 multi-family housing projects approved through November 30, 2003, representing 67% of the goal.

2004 CHP and CDP Performance Proposed Goals

The following 2004 quantitative performance goals for FHLBank Topeka products related to multi-family housing, small business, small farm, and small agriculture lending are proposed to be established in accordance with §917.5 of Finance Board regulations, as 2004 goals: (1) small business, 30 projects approved; (2) small farm, 50 projects approved; (3) small agribusiness, 10 projects approved; and (4) multi-family housing, 25 projects approved.

Rural First-time Homebuyer Education Program

The Bank will provide \$100,000 in 2004 to support the Rural Homebuyer Education Program. A training curriculum for use by stockholders and nonprofit housing counseling agencies in counseling prospective homebuyers on homeownership has been established. The Bank will support rural homeownership counseling in 2004 while actively encouraging participating organizations to seek supplemental funding from other sources. Goals for 2004 are to support

rural counseling in all four states in the district especially in those areas with RFHP participating stockholders.

Recognition Awards

The Bank will recognize exemplary performance by stockholders in community support activities through awards such as plaques and certificates. These activities include stockholder participation in the RTAP, RFHP, AHP, CHP and CDP as well as stockholder community support activities not involving Bank programs. The Bank will include award presentations as part of Bank seminar programs, ground breaking or ribbon cutting ceremonies, or other appropriate circumstances.

Appendix A

Member Products and Services Guide as of November 2003

Community Housing Program

Community Housing Program *Plus*

Community Development Program

Housing and Community Development Emergency Loan Program

Rural Technical Assistance Program