

## I. Regulatory Requirements

The Federal Housing Finance Board Community Investment Cash Advance (CICA) regulation requires that the Federal Home Loan Bank of Des Moines (Bank) annually develop a Community Lending Plan (Plan). Development of the Plan requires that the Bank:

- Conduct market research within the Bank's district
- Describe how the Bank will address identified unmet credit needs and market opportunities in the district for community lending, including agricultural, multifamily and small business lending.
- Consult with its Affordable Housing Advisory Council and with members, housing associates, and public and private economic development organizations in the district in developing and implementing its Plan
- Establish quantitative economic development lending performance goals.

In addition, the Bank is to provide annually to each of its members a written notice:

- Identifying CICA programs and other Bank activities that may provide opportunities for a member to meet the community support requirements and to engage in economic development lending and
- Summarizing economic development lending and affordable housing activities undertaken by members, housing associates, nonprofit housing developers, community groups, or other entities in the Bank's district, that may provide opportunities for a member to meet the community support requirements and to engage in economic development lending.

## II. Bank Activities to Implement the CICA Regulation

### A. Market Research in 2002

A facilitated discussion on rural economic development was held in May 2002, with the Board of Director's Housing and Economic Development Committee (Committee) and the Affordable Housing Advisory Council (AHAC). Discussion groups focused on asset purchases, CICA advances, and technical assistance. The Bank activities included in the 2003 Community Lending Plan are intended to address some of the conclusions reached during this facilitated discussion.

### B. Bank Activities in 2003

Even though providing funds for housing is not included in the regulatory definition of community lending (which is exclusively economic development lending), members, the AHAC and the Bank's Board of Directors understand that in many communities the two can not be easily separated. As a result the Bank will continue to promote its Affordable Housing Program as an important tool that its members can use to provide affordable housing in their market areas. The Bank's Community Investment Program will continue to be offered to members to assist them in providing lending for affordable housing.

- **Continue Offering The Rural Development Advance (RDA) And Urban Development Advance (UDA) Programs**

In these programs the Bank makes advances at its cost of funds plus a markup to cover its expenses. This rate is the Bank's Community Investment Program (CIP) rate.

- **Maintain An Economic Development Web Page On The Bank's Web Site**

The economic development page will provide information on various state and federal programs and will include links to state and federal financial assistance programs.

- **Sponsor Follow-up Leadership Training Courses In Each State In The Bank's District**

The Bank will conduct a follow-up seminar on community leadership issues for the communities that attended the 2002 Leadership Development. Possible follow-up topics are financial resources, deal-making, marketing the community and resolving community conflict through shared leadership. The Bank will continue its partnership with members' trade associations the USDA and the state departments of economic development in creating the programs format.

- **Continue Conducting Ongoing Market Research To Assess Unmet Credit Needs And Market Opportunities For Community Lending**

As part of its economic development planning for 2004, the Bank plans to hold a joint AHAC/Board of Director's economic development planning session in 2003 to determine what community lending activities should be undertaken in 2004.

- **Continue Enhancing Relationships Within Community And Economic Development Organizations**

The Bank will participate and support specific conferences and workshops within the district with community and economic development organizations.

- **Continue Increasing Member and Community and Economic Development Organization Awareness**

The AHAC annual report will contain information on CICA advances and Bank CICA activities. The AHAC annual report will satisfy the annual notice provision of the CICA regulation.

- **Award for Excellence**

The Bank will select five projects, one in each state, for the award. The award will consist of a \$10,000 unrestricted cash grant and \$5,000 to hire a minority intern.

## C. Quantitative Plan Goals for 2002

Award for Excellence	5
Hold leadership seminars within the district.	5
Number of specific conferences and workshops within the district in which Bank staff will participate or the Bank will support	12

## III. Limits on CICA Advances

- Total outstanding CICA balances cannot exceed \$1.25 billion, excluding outstanding Partnership 2000 and Living Wage advances. The Bank would make available, as of January 1, 2003, for new advances the total of all advances maturing in 2003 plus any pre-paid amounts during the year.
- Per member limit on CICA advances of the greater of 15% of non-CICA advances or \$5 million, including advances for Partnership 2000 and Living Wage advances.
- Maximum percent of Area Median Income (AMI) to qualify for CICA advances to fund economic development lending is 115% for rural areas and 100% for urban areas
- The minimum advance term for a CICA advance is 6 months.
- Housing Associates may receive no more than one-third of the total economic development CICA advances originated in 2003. Housing Associates have access to housing funds at a discounted rate. The Board approved a \$25 million housing advance allocation of funds at 3bp above the CICA rate for Housing Associates.