

2004 COMMUNITY LENDING PLAN

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 shall 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 & Needs Analysis

In May 2003, approximately 3,000 surveys were distributed to 860 financial institutions and 2,140 community partners within our district, out of which 304 responded. The breakdown is as follows: There were 139 financial institutions and 165 community partners. Community partners include community development organizations (non-profit housing organizations, Small Business Development Centers, state housing finance agencies, and others). The survey was conducted to assess community lending needs, barriers to community development, actions and resources needed to increase the level of community development, and suggestions for products and services that the Bank might offer.

III. Market Research Analysis Results

Several unmet or underutilized opportunities and needs became apparent. These included:

1. A continued need for affordable housing production. The demand for down payment assistance continues to be a barrier to homeownership.
2. Financing for micro-loans and other small business loans.
3. Additional capital to assist small businesses with start-up needs.
4. A strong desire for technical assistance for small businesses and member institutions.

IV. Technical Assistance

- 1. Community Development Workshops:** The Dallas Bank conducted 10 training workshops with approximately 825 people in attendance in the spring and fall of 2003. These workshops were held in the following locations:

- a. New Orleans/Shreveport - LA
- b. Little Rock/Hot Springs - AR
- c. Santa Fe/Las Cruces - NM
- d. San Antonio/Corpus Christi - TX
- e. Jackson/Biloxi - MS

These workshops contributed to an increase in the number of Affordable Housing Program (AHP) applications submitted in April 2003. The on-line AHP application process added value to the AHP program and the number of application for October round is expected to increase as well.

2. **Technical Assistance:** The Bank staff is available to assist members, nonprofit organizations, local governments, for-profit developers and community groups with the design of affordable housing and community development projects.

V. Current Programs

1. The Bank offers the following programs related to housing:
 - a. Affordable Housing Program (AHP)
 - b. Homebuyer Equity Leveraging Partnership (HELP)
 - c. Community Investment Program (CIP)
 - d. Partnership Grant Program
 - e. Disaster Relief Program
2. The Bank offers the following programs related to community development:
 - a. Economic Development Program (EDP)
 - b. Economic Development Program^{Plus} (EDP^{Plus})
 - c. Disaster Relief Program

VI. New Initiatives

The Bank continually assesses the needs of its members, and offers new products and services when market research indicates a need. The HELP and EDP^{Plus} initiatives, unveiled in February 2002, are two examples of the Bank's responsiveness to the changing needs of its members.

1. HELP Overview:
 - a. Funds are available to match savings accumulated by first-time homebuyers for down payment and/or closing costs at a maximum ratio of 4:1 (not to exceed \$6,000/homebuyer).
 - b. Funds are allocated to member institutions on a first-come, first-served basis.
 - c. Homebuyers are required to complete a homebuyer education course.
 - d. A total of \$2 million in HELP funds were available in 2003.
 - e. Each member may apply for up to \$50,000 per year.
2. EDP^{Plus} Overview:
 - a. Funds may be used to assist small businesses in accessing needed working capital for start-up or expansion for the purpose of:
 1. purchasing buildings
 2. constructing buildings
 3. facility expansion
 4. machinery and equipment purchase
 5. 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. A total of \$1.5 million in EDP^{Plus} funds were made available for allocation in 2003.
 - e. Members may apply for a maximum of \$100,000, with up to \$25,000 in funding available for any one small business.
 - f. The total finance package (total of EDP^{Plus} funds, EDP advance, and owner equity) may not exceed \$167,000 per small business.

VII. 2003 Goals

Programs / Actions	2003 Goals
<i>New CICA Advances Funded</i>	\$250mm
<i>New CICA Advances Users</i>	30
<i>Complete Implementation of EDP^{Plus}</i>	Award \$1mm

VIII. 2004 Goals

The 2004 goals were established during the Strategic Planning process for Board's approval. Once approved, they will be incorporated into the Community Lending Plan. During 2004, the Bank will continue to meet with community groups, small business development organizations and Bank members to identify relevant needs and issues. The Bank will strive to increase its marketing efforts and education with respect to economic development initiatives, while continuing to emphasize its housing programs as well.