

FHLB 101
MAKING THE MOST OF YOUR MEMBERSHIP

Housing and Community Development
Programs

November 12, 2008

Agenda

- The Bank's Mission
- Description of Community Development Lending Programs
- Benefits for Members and Communities
- Building Relationships
- Community Development Consultations

HCI Department Mission

- Support Bank's mission to facilitate and enhance the availability of credit for housing and economic growth
- Support our members' strategic planning/outreach
 - ◆ Funding resources
 - ◆ Technical assistance
 - ◆ Networking and education
 - ◆ Research
- Help our members to meet community-lending needs
 - ◆ Affordable housing
 - ◆ Economic development

Community Lending and Investment Programs

- Affordable Housing Program (AHP)
- Equity Builder Program (EBP)
- Community Development Advance (CDA)
- New England Fund (NEF)
- Affordable Housing Development Competition
- Grants for New England Partnerships (GNP)

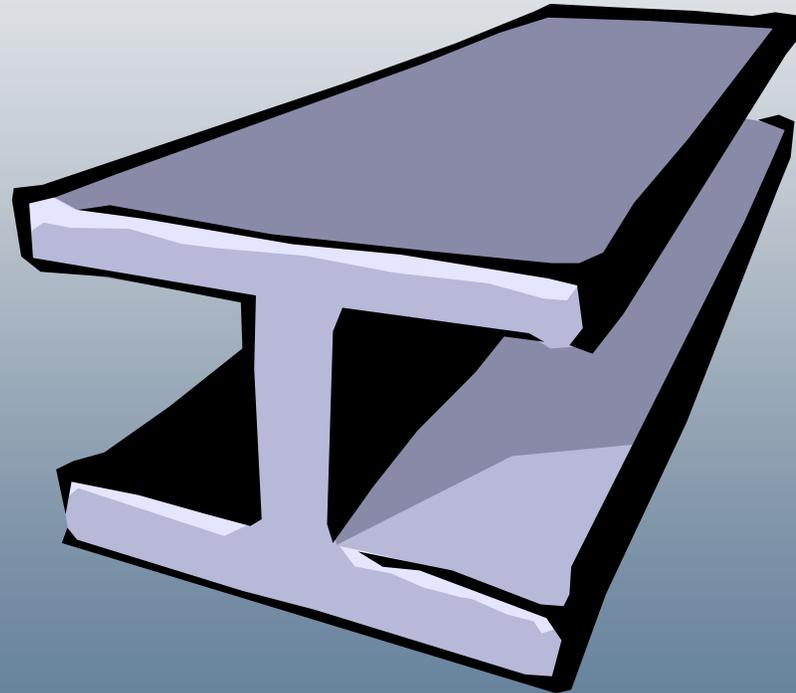
Affordable Housing Program (AHP)

- AHP is funded through 10% of the Bank's annual net earnings.
- In 2008, over \$22 million was made available for affordable rental and homeownership housing.
- AHP is offered annually through two competitive rounds.
- Targeting very low-, low-, and moderate-income families.



Members Play a Crucial Role in AHP

- Members looking for business opportunities.
- Developers approach members.
- Developers apply in partnership with and only through member financial institutions.
- Applications are scored against the 12 AHP scoring categories.



AHP Succeeds for Three Reasons

- Flexibility and funding for initiatives.
- Members' local knowledge and relationships.
- Member involvement in the initiative through review and reporting.



Second Step Residence

Newton, MA

AHP in CT: Before



AHP in CT: After



Equity Builder Program (EBP)

- AHP subsidy reserved for down-payment and closing-cost assistance for income-eligible home buyers with a household income of no more than 80% of the area median income.
- Easy-to-use online application, available annually in March.
- Members eligible up to \$200,000 to generate end loans to income-eligible buyers.
- Members use in conjunction with their targeted residential lending programs and other local, state, federal, and other special homeownership grants or programs.
- Home-buyer counseling is required.
- In 2008, the fifth year of the program, over \$3.3 million was made available for members and income-eligible families.

Stoughton Co-operative Bank and its Use of the EBP

- Applied for EBP grant funds for the first time in March 2006 and used fully in June 2006.
- Assisted eight first-time home buyers, each with incomes at or below 80 percent of the area median income.
- Worked with NHS of the South Shore to provide the required homeownership counseling for each home buyer.



Luis Fortuna with Ken Willis
Discussing EBP

Community Development Advances (CDA)

- The Bank's lowest-cost funding for economic development, affordable-housing, and mixed-use initiatives.
- Broad eligibility for funds for both residential and commercial purposes.
- Always available.
- Flexible terms/schedule and use of funds.
- No reporting.



Community Development Advances

- Community Development advances are reduced, fixed-rate financing to support:
 - Small business lending
 - Commercial/industrial lending
 - 1-4 family mortgages
 - Multifamily properties
 - Mixed-use developments
 - Public and social services



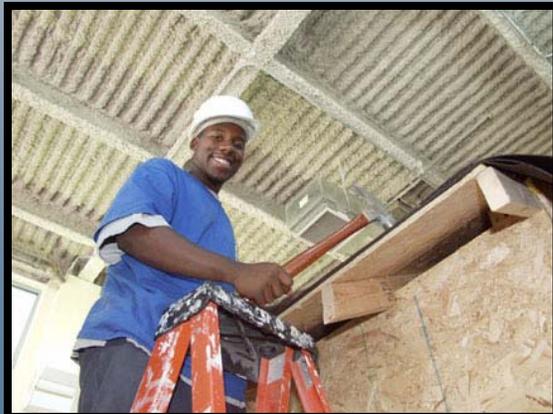
CDA is a Flexible Funding Source

Residential/Housing Eligibility:

- 115 percent of area median income per household or census tract.

Commercial/Economic Development:

- 100 percent of area median income or census tract.
- Income-eligible neighborhoods, employees or beneficiaries.
- Small business concern.
- Other geographic-based criteria.



New England Fund (NEF)

- In 1999, the Bank expanded NEF to provide funding for mixed-income housing development
- Units for households earning less than 140% of the area median income
- Since 1999, most NEFs are funding MA comprehensive permit developments known as Chapter 40B initiatives
- 25% of the units must be targeted to households earning 80% or below of the area median income



2008 Affordable Housing Development Competition

- www.fhlbboston.com/compete/
- The competition pairs students with Boston-area developers
- Combines hypothetical ideas with real world experience
- The result: innovative proposals meeting community needs such as smart growth and/or mixed-income housing
- Two of the winning initiatives from past competitions are in development



Benefits for Members

- Leverages funding
- Increases business opportunities
- Grows long-term assets
- Expands credit/business relationships
- Contributes to profitability



CHAMP lending program
Dime Savings Bank of Norwich
Norwich, CT

Benefits for Communities

- Builds new credit relationships with members
- Leverages Bank resources
- Creates community assets
- Strengthens developers' financial capacity



Building Relationships

- **Education and outreach**
 - ◆ Technical assistance and program trainings
 - ◆ Publications and web site
 - ◆ Conferences and forums
 - ◆ Special task forces
- **Relationships fostered with:**
 - ◆ More than 2,100 community representatives
 - ◆ More than 500 loan officers and community-investment contacts at our member institutions



Theo Noell with Sandra Marquis of Alternatives Unlimited and Blain Marchand of Benjamin Franklin Bank discussing an AHP initiative.

Community Development Consultations

- The Bank established CD Consults to:
 - ◆ Help members assess and understand the needs of their markets, and
 - ◆ Utilize our community-lending products to help meet those needs.
- The relationship managers and community investment managers work with members and development agencies either generally or on specific proposals.
- Through CD consults, members leverage Bank resources and other funding to meet critical needs and maintain financial health of community development initiatives

Housing and Community Investment Department

- Ken Willis, Vice President, Director
- Mary Ellen Jutras, Assistant Vice President/Deputy Director
- Theo Noell, Manager of Programs and Outreach
- Paulette Vass, Community Development Advance Manager
- Martin Corona, Senior Community Investment Manager
- Tobi Goldberg, Senior Community Investment Manager
- Kathy Naczas, Senior Community Investment Manager
- Christine Rogers, Senior Community Investment Manager
- April Gancarz, HCI Compliance Analyst II
- Holly Frades, HCI Assistant

For More Information

Visit Housing and Economic Growth on the Bank's web site and click on:

- ◆ Funding Programs

<http://www.fhlbboston.com/communitydevelopment/fundingprograms/index.jsp>

- ◆ Profiles

<http://www.fhlbboston.com/communitydevelopment/profiles/index.jsp>

- ◆ Articles

<http://www.fhlbboston.com/communitydevelopment/articles/index.jsp>

Questions?
Comments?