



*Federal Home Loan Bank of
Cincinnati
Community Investment
Programs*

*Supporting Economic and
Community Development*

FHLBank Community Lending

- Presenter:

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FHLBank Mission

To facilitate and expand the availability of financing for housing and community lending through

- Collateralized advances
- Financial services
- Mortgage purchase

Fundamentals of Advances

- Required Documentation
 - Collateral Agreements
 - Resolution for Advances
 - Advances Application
- Pricing
- Structure/terms
- Disbursements

Housing and Community Investment Community Lending Programs

- Economic Development Program
- Community Investment Program
- Zero Interest Fund
- Affordable Housing Program
- Welcome Home Program

Benefits of Community Lending

- Profit
- Competitive Advantage
- CRA
- Investment Protection

Economic Development Advance Program



EDP Purpose

- Encourage Members to increase their involvement in economic development projects located in the communities they serve.
- Facilitate job creation /retention

EDP Pricing

- FHLBank cost of funds plus 3 basis points

EDP Eligible Uses

Finance

- Commercial
- Industrial
- Agricultural
- Small Business
- Daycare
- Public facilities
- Mixed-use housing
- Infrastructure
- Churches
- Education

EDP Eligibility Requirements

- **Activity Benefit**

- Small Businesses as defined by the SBA

- **Geographic Benefit**

- Project located in a neighborhood with a Median income at or below 115% of AMI for Rural project or 100% AMI for Urban projects.

- **Individual Benefit**

- Workforce Composition: 51% of employees have wages earned at or below 115% of AMI in rural areas or 100% of AMI in urban areas

- Services financed have Community Benefit

Types of EDP Advances

An EDP rate is available on the following fixed-rate, mortgage related Advances:

- Regular Fixed Rate Advance
- Select Payment Mortgage Matched Advance
- Special Amortizing Advance
- Balloon Payment Advance
- Callable Advance
- Constant Monthly Payment Advance

EDP Rate Structure

	<u>Term</u>	<u>Published Rate</u>	<u>CIP Rate</u>
Regular Fixed Rate	5-year	2.79	2.64
Select Payment Mortgage Matched Advance	10-0% CPR	2.82	2.55
Special Amortizing Advance	25/10 (sample)	3.97	3.60
Balloon Payment Advance	30/10	3.80	3.53
Constant Monthly Payment Advance	5-year	1.86	1.64
1-year Bullet	12-months	0.55	0.43

Rates as of October 7, 2009

*EDP Southern States
Hopkinsville, Kentucky*



EDP Southern States Hopkinsville, Kentucky

- New construction of a \$2.8 million facility to allow Southern States Cooperative to retain 13 jobs and add two. Provides affordable farm fuel and propane to farming families in six counties in Western Kentucky.
- Member: Planters Bank
- Program: Economic Development Advance
- Purpose: Job Creation/retention
- Amount: \$2,500,000

Community Investment Program



CIP Eligible Uses

- Owner-occupied or rental housing
- Multi-family or single family investment properties
- Construction loans for AHP projects
- Economic development in federally designated areas

Pricing

- FHLBank cost of funds

Eligibility Requirements

- Households with incomes up to 115% of AMI in targeted census tracts or 80% of AMI in non-targeted tracts
- Rental housing financed with Low Income Housing Tax Credits
- Commercial - in federally designated areas or neighborhoods with incomes below 80% AMI.

Types of CIP Advances

- Fixed rate, mortgage related advances with terms of one year or greater.

Potential Uses of CIP Advances

Use of Funding:

- Funding Fixed rate Mortgages
- Funding Construction loans

Consider:

- Regular Fixed Rate Advance
- Callable Fixed Rate Advance
- Mortgage Matched Advance
- Select Payment Mortgage Matched Advance
- Balloon Payment Advance

CIP Rate Structure

	<u>Term</u>	<u>Published Rate</u>	<u>CIP Rate</u>
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Select Payment Mortgage Matched Advance	10-0% CPR	2.82	2.52
Special Amortizing Advance	25/10 (sample)	3.97	3.57
Balloon Payment Advance	30/10	3.80	3.50
Constant Monthly Payment Advance	5-year	1.86	1.61
1-year Bullet	12-months	0.55	0.40

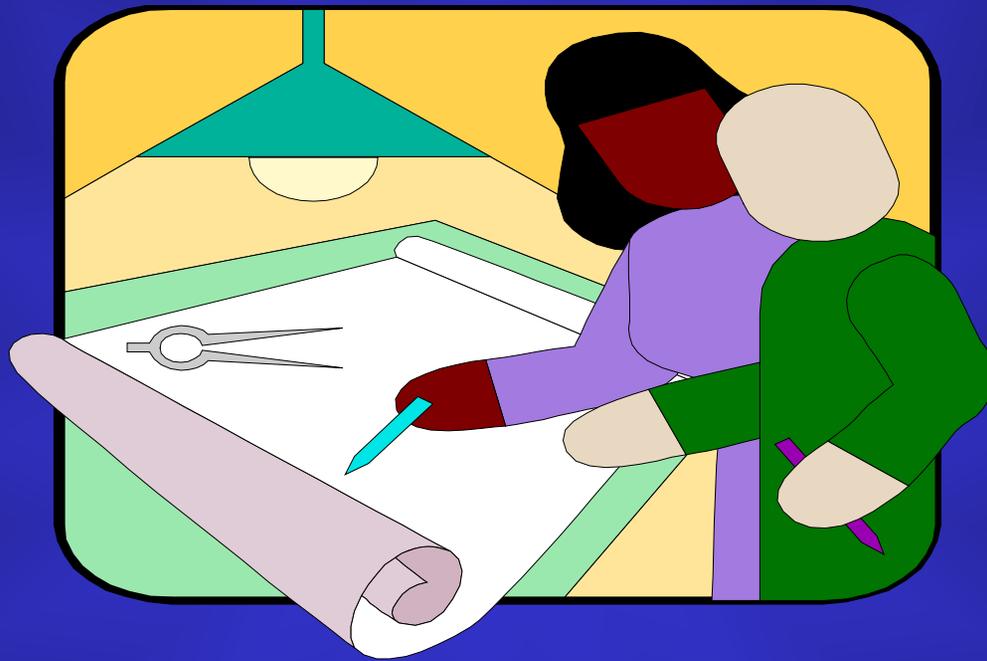
Rates as of October 7, 2009

Terms and Conditions

Members may borrow CIP funds up to 25% of their total outstanding advances (exclusive of AHP & CIP) at the time of draw down of funds.

Members may borrow up to \$50 million in CIP funds on an annual basis (subject to available borrowing capacity.)

Zero Interest Fund



Purpose

- Promote housing and business development

Eligible Uses

- Fund early-in costs for housing, commercial and real estate related projects
 - soft costs
 - land acquisition
 - working capital
 - other expenditures

Program Features

- Zero interest to Member
- Zero interest to Borrower
- First come; first served
- Normal / customary fees may be charged

ZIF Terms and Conditions

- Maximum Advance \$100,000
- Maximum term of 24 months-jobs
- Maximum term 18 months-housing

Eligibility Requirements

- Projects that create/retain jobs or provide benefits to individuals
 - at or below 100% of AMI in urban communities
 - 115% of AMI in rural communities

Katelyn Corner
Vanceburg, Kentucky



Katelyn Corner ZIF
Vanceburg, Kentucky

Member: Citizens Deposit Bank and Trust

Sponsor: Peoples Self Help Housing

Program: \$100,000 Zero Interest Fund

Purpose: Finance street, sewer and water lines
for 3 rental units.

*ZIF Assisted Katelyn Corner
Vanceburg, Kentucky*



*ZIF Assisted Katelyn Corner
Vanceburg, Kentucky*



Application Process

- EDA/CIP/ZIF 2-page Application
- Available daily
- Processed within two business days from receipt

Disbursement Process

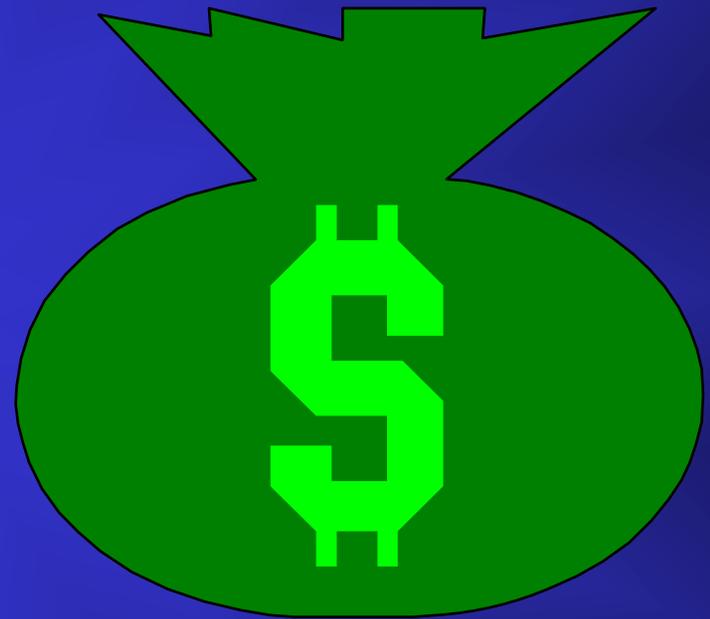
- EDA/CIP
 - Advance Agreement
- ZIF
 - Funding Agreement
 - Promissory Note
 - Request for Funds

Affordable Housing Program



AHP Source of Funds

- 10% of FHLB annual net earnings



FHLBank of Cincinnati AHP History and Results

- Over \$300 million awarded since 1990
- About 46,400 units approved
- In 2008, 234 applications received requesting \$90 million; \$27.4 Million awarded to 81 projects
- In 2009, 178 applications received.

AHP Purpose

- Creation of owner-occupied and rental housing for low- and moderate-income persons.
- AHP funds financially complete the funding structure or “fill the gap”

AHP Fills the Financial Gap

- AHP funds can make the project “more affordable.”
 - ✓ Reduces the amount of other funding required.
 - ✓ Reduces the amount of debt on a project
 - ✓ Reduces the Member’s credit risk (lower loan to value)

AHP Eligible Uses

- Owner-occupied or Rental Housing
- Costs directly related to housing development
 - Acquisition/Purchase of land or buildings
 - New Construction
 - Rehabilitation

AHP Sponsors

Sponsors are housing providers /developers

- Non-profit organizations
- For-profit entities
- Government Agencies

Basic AHP Steps for Sponsors

- Sponsor conceptualizes project:
 - Location of project (site control/acquisition plan)
 - Project has known costs (cost estimates)
 - Number of housing units is known
 - Income targets are known
 - Sponsor calculates gap (need for AHP subsidy)
 - Rent or Mortgage is affordable for targeted household
 - Sponsor finds a Member
 - Sponsor starts the AHP application process

Basic AHP Steps for Members

- Member meets with Sponsor to review the project concept.
- Member determines whether they want to support the project and partner with the Sponsor.

Basic AHP Steps for Members

- Member partners with Sponsor and:
 - Reviews project needs (grant, construction loan or permanent loan).
 - Determines what type of contributions or concessions will be made to the project.
 - For a loan, establishes underwriting criteria for the project.
 - Sets timeline to receive AHP application from Sponsor, in order to gain necessary approvals.
 - Submits AHP on-line application.

AHP Eligibility Requirements

- Maximum AHP grant \$1,000,000
- Maximum AHP Subsidy \$50,000 per unit
- Maximum AHP Development Cost per unit \$175,000
- Regulatory program requirements
- Households with income up to 80% of area median income

Terms and Conditions

- Competitive Offerings
 - April 1, 2010
 - September 1, 2010
- Retention Requirements - deed restriction for affordability
 - 5 years for owner-occupied
 - 15 years for rental

*Thomaston Woods Senior Housing
Amelia, Ohio*



Thomaston Woods Senior Housing Amelia, Ohio

- Land acquisition and new construction of 13 one-bedroom elderly apartments.

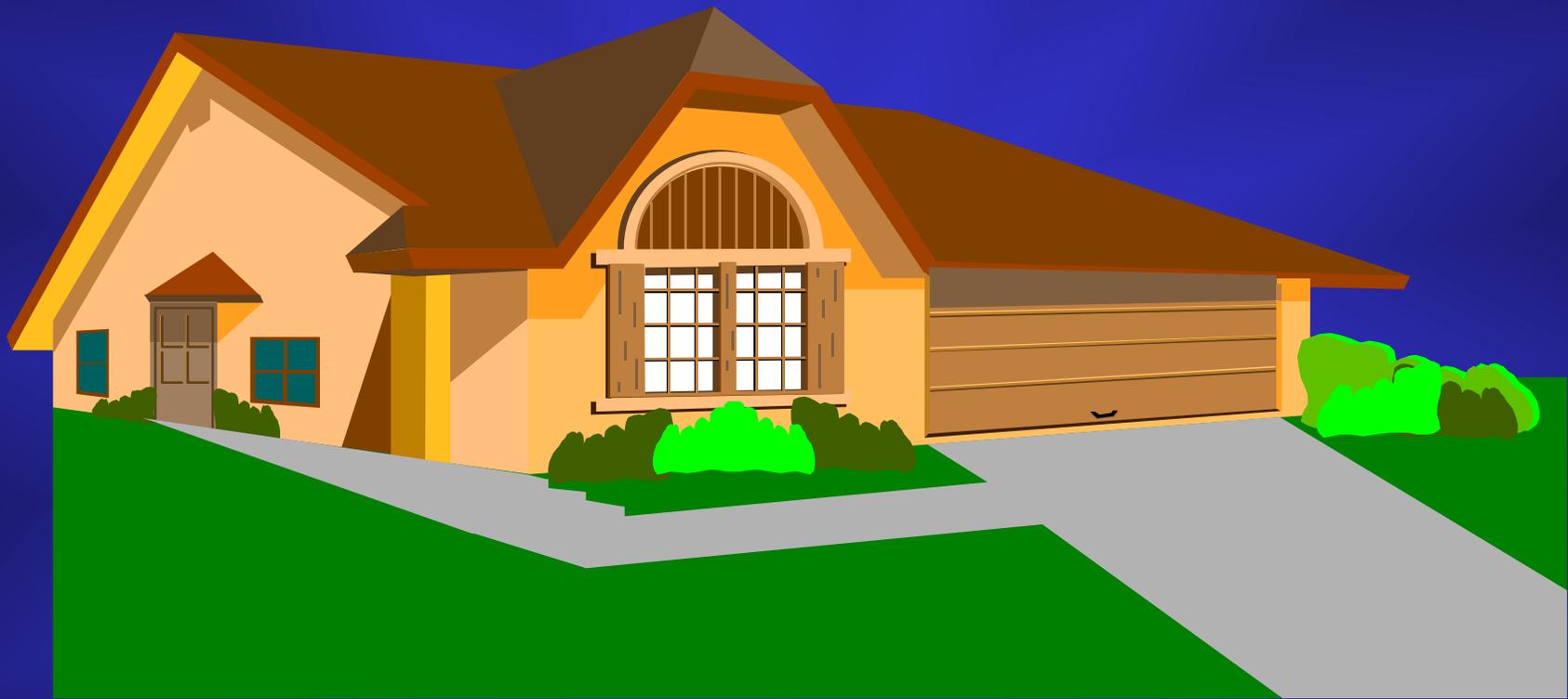
- AHP grant \$130,000
- HUD grant (202) \$1,016,756
- Owner Equity \$286,990

Total funding = \$ 1,433,746

Thomaston Woods - Residents
Amelia, Ohio



Welcome Home Program



Welcome Home Program Purpose

- Assist low to moderate income households become homeowners

Welcome Home Eligible Uses

- Grants for
 - Down payment assistance
 - Closing costs
 - Homeownership Counseling

Welcome Home Eligibility Requirements

- Members must originate and close 1st mortgage.
- Member have all credit risk.
- Members certify that interest rates, fees, and closing costs are normal and customary based on risk. Ceilings for interest rate and APR (8.75% and .75%)

Welcome Home Program Features

- Downpayment and closing cost assistance of up to \$5,000 per household.
- First come, first served basis beginning in the Spring of each year, until funds are fully reserved.
- Members may receive up to \$200,000.

Welcome Home Terms and Conditions

- 5-year deed restriction.
- Incomes at or below 80% of MRB limit.
- Homebuyers must contribute at least \$500 of their own funds toward downpayment.
- Homebuyers must complete homebuyer counseling.

Welcome Home Terms and Conditions

- Funds must be utilized within by December 1st of the calendar year.
- No cash-back at closing; no return of earnest money.

Johnson Home

Clay City, KY



Typical WHP Transaction

Acquisition of a single-family dwelling
by a first-time homebuyer family of 2.

– Household Income	\$45,217
– 1st Mortgage	\$95,675
– P&I	\$513.60
– Term	360 months
– APR	5.52%

Typical WHP Transaction

Welcome Home Advertisement

WMB WILSON & MUIR
BANK & TRUST CO.

Save your next client
up to **\$5,000**
off the purchase of
their new home.

PAY TO THE
ORDER OF *MR. & MRS. James Smith*
Five thousand dollars and

FOR *A NEW HOUSE!!*

May 12, 2008
\$ *5,000.00*
DOLLARS

Wilson & Muir Bank

WHY IT'S MY BANK

Welcome Home Advertisement

Wilson & Muir Bank "Welcome Home" Mortgage Grants up to \$5,000 grants for homebuyers

Wilson & Muir is proud to announce that we will be offering **Welcome Home Mortgage** grants beginning in March.

- **Limited funds/first come first serve**
- **Up to \$5,000 for downpayment/closing costs**
- **Income limits apply**
- **Apply online at www.wilsonmuirbank.com**

After all, who wouldn't appreciate a \$5,000 grant toward the purchase of their home? For more details contact your Wilson & Muir Bank representative today.



WMB

WILSON & MUIR
BANK & TRUST CO.



www.wilsonmuirbank.com

Bardstown - Main.....	502.348.5996
Bardstown - Culpeper.....	502.349.9100
Bardstown - Plaza.....	502.348.2265
Elizabethtown.....	270.769.5099
Vine Grove.....	270.877.2116
Big Clifty.....	270.242.2222
Leitchfield.....	270.259.4001
St Matthews.....	502.454.5400

"Wilson & Muir helps me sell more homes and that's Why it's My Bank"

Contact Us

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