

## I. Community Lending Plan

In conjunction with the Community Investment Cash Advance (CICA) program, the Federal Housing Finance Board requires each Home Loan Bank to conduct market research in its district and describe how the Bank will address identified unmet credit needs and market opportunities for targeted community lending. To fulfill this obligation the Bank does the following:

- ◆ Conduct market research in the Bank's District.
- ◆ Consults with its Affordable Housing Advisory Council and with members, housing associates, and public and private economic development organizations in the district on developing and implementing its Plan.
- ◆ Establishes quantitative economic development lending performance goals.

Additionally, the Bank provides information to its members on its CICA programs, 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 its community support requirements and to engage in economic development lending.

## II. Market Research in 2005

"Crafting a Competitive Future" is the title of the study conducted for the Bank by SRI International's Center for Science, Technology and Economic Development. The study revealed that the rural economy has become much more diverse than agriculture while policy and funding have not kept pace. The study also identifies policy and program steps that can be taken to enable economic growth in rural areas. These include reducing duplication and consolidation of programs to make them easier to find and use; greater flexibility in terms of assistance and timeframes and co-investment by communities, businesses and institutions. The Bank activities outlined in the 2006 Community Lending Plan are intended to address some of these issues and to continue the focus on rural areas in the Bank's district and what can be done to improve their economic future.

## III. Bank Activities for 2006

The Bank addresses identified credit needs and market opportunities in the Bank's District for targeted community lending by engaging in the activities described below.

- ◆ **Continue Offering Community Investment Cash Advances (CICA)**

In these programs the Bank makes advances at its cost of funds plus a markup to cover its administrative expenses. In 2006, the Bank will make approximately \$350 million available for CICA, including funds set aside for the Rural Capital Advance. CICA are available for terms of a minimum of six months to a maximum of 20 years. The minimum CICA amount is \$100,000.

- ◆ **Continue to Offer the Rural Capital Advance (RCA)**

For the second year, the Bank will make available an additional \$100 million for rural economic development lending. The minimum RCA amount is \$25,000 and the maximum available per member is the greater of \$6 million or 15% of non-CICA borrowings for rural community development activities. RCA are available for terms from a minimum of six months to a maximum of twenty years.

- ◆ **Make Equity Investments**

The Bank will work with Convergent Capital, which is establishing a Small Business Investment Corporation (SBIC), to encourage more entrepreneurial activity and business growth in rural America. SBICs, privately organized and privately managed investment firms, provide financing to small businesses for growth, modernization and expansion.

- ◆ **Offer Member Education and Economic Development Conferences**

The Bank will hold four conferences in the District that will focus on creative approaches to encouraging economic development. The conferences will be two-day events that offer an educational component, as well as a forum for state policymakers, local business leaders, trade association representatives and rural experts to share information and perspectives on community and policy issues. Many facets of affordable housing will be covered from demonstrating affordable housing as a tool of economic development to illustrating how affordable housing can be profitable for lenders.

- ◆ **Present Capital Community Awards**

The Bank's awards program for 2006 will recognize one community in each state in the Bank's district of Iowa, Minnesota, Missouri, North Dakota and South Dakota as a "Capital Community". The award for each community will consist of a \$10,000 unrestricted cash grant and \$5,000 to hire a qualified intern.

- ◆ **Continue to Maintain An Economic Development Web Page On The Bank's Website**

The economic development web page provides information on various state and federal programs and includes links to state and federal financial assistance programs.

- ◆ **Continue Enhancing Relationships With 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.

## IV. Quantitative Plan Goals for 2006

◆ Make CICA Advances	\$350
◆ Make Rural Capital Advances	\$100
◆ Present Capital Community Awards	5
◆ Affordable Housing Educational Sessions	4
◆ Participate in or support community lending conferences and workshops within the district	12

## V. Limits on CICA Advances

- ◆ As of January 1, 2006, the Bank will make available for CICA advances approximately \$350 million, representing existing CICA advances that are scheduled to mature in 2006, and, over the remainder of 2006, will make available any amounts representing pre-paid CICA advances.

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- ◆ As of January 1, 2006 the Bank will make available an additional \$129 million for Rural Capital Advances; and, over the remainder of the year will make available any amounts representing pre-paid Rural Capital Advances.
  - ◆ Total outstanding CICA advance balances are limited to \$1.45 billion at December 31, 2006, excluding outstanding Partnership 2000 and Living Wage advances. During the year, the Bank may exceed this limit as described in this Section V.
  - ◆ The per member limit on CICA advances is the greater of 15% of non-CICA advances or \$5 million, including advances for Partnership 2000 and Living Wage advances. However, if a member obtains advances for economic development in rural areas under the Bank's new discounted advance program, the limit would be increased to the greater of 15% of non-CICA advances or \$6 million, including advances for Partnership 2000 and Living Wage advances. The Bank president or the president's designee may waive this limit for members in federal disaster areas to allow the rebuilding of communities affected by such disasters.
  - ◆ The 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.