

FHLBank Topeka
2006 Community Support Program and Community Lending Plan
Adopted December 16, 2005

Introduction

The 2006 Community Support Program and Community Lending Plan (CSP/CLP) of FHLBank Topeka (Bank) is established to promote and enhance housing and community development in the Tenth District by providing loans, grants and other assistance to member stockholders. While this plan includes many of the programs and activities undertaken by the Bank in the area of community support, it is not intended to be a complete description of all of the Bank's programs and activities directed at enhancing housing and community development.

The Bank's ongoing community support efforts and initiatives include the Rural First-time Homebuyer Education Program, the Affordable Housing Program (including the Rural First-time Homebuyer Program and Targeted Ownership Program), the Community Housing Program, the Community Housing Program *Plus* (targeted to financing for rental housing), awards, technical assistance and outreach (including the Rural Technical Assistance Program) as well as partnerships with federal, state and local housing and community development organizations. Also included is the Community Development Program, a continuation of the 2000 community lending initiative which combines the Rural Development Advance and Urban Development Advance programs authorized in late 1998 by the CICA regulations with the existing economic development activities of the Community Investment Program.

In 2003, a new program was established to provide CICA advances for members financing in federally designated disaster areas. The program entitled Housing and Community Development Emergency Loan Program (HELP) is directed toward communities that have suffered a disaster, natural or otherwise.

The Bank is continuing two new community support programs in 2006 that were established in 2004: the Economic Development Funding Program (JOBS) and the Regional Needs Initiative.

Information concerning current programs and the new initiatives adopted as part of the Community Support and Community Lending activities undertaken by the Bank will be provided to the Bank's Affordable Housing Advisory Council.

Research

In 2006, the Bank will continue to conduct research to identify opportunities for stockholders to increase the availability of affordable housing finance, community development finance and financial and credit services in underserved neighborhoods and communities. In carrying out this research, the Bank will consult with stockholders, nonmember borrowers, the Affordable Housing Advisory Council (AHAC) and public and private housing and economic development organizations within the district.

Research will be conducted through the use of both primary and secondary sources. The primary sources used by the Bank include consultation with members and economic development organizations within the Bank's four-state district and consultation with the AHAC. Secondary sources include a review of materials related to some of the classes of CICA-targeted beneficiaries such as plans for designated Enterprise Zones, Enterprise Communities and Champion Communities. Other materials reviewed but not related to CICA targeted beneficiaries include each state's Consolidated Plan for Housing as well as Consolidated Plans prepared for larger communities, census data, publications applicable to the district, rural resources and state and local sources.

The Bank will also continue to seek information on opportunities to enhance and promote housing and community development finance from stockholders, nonmember borrowers, the AHAC and public and private housing and economic development organizations as part of the ongoing administration of the Bank's programs and through participation in seminars and forums. As an example, in 2003 the Bank assembled several resource documents as part of the directed to various housing needs including homeownership, new construction for single-family homes, housing rehabilitation and homeownership education and counseling. Copies are available at the community lending portion of the Bank's Web site www.fhlbtopeka.com.

Technical Assistance and Outreach

FHLBank Topeka has taken a leadership role in the promotion of minority homeownership as part of the Bush Administration's *Blueprint for the American Dream* initiative designed to increase minority homeownership. As chair of the FHLBank's Bank Presidents Housing and Community Committee, the Bank's president coordinated the planning for an FHLBank forum on minority homeownership that was held in April 2003. The forum brought together representatives of the FHLBanks including community investment officers, Affordable Housing Advisory Council chairs, FHLBank presidents and interested parties from non-FHLBank national housing organizations. This provided an opportunity for an exploration of the roles that would be feasible and appropriate for the FHLBanks to play in promoting homeownership for minorities over the remainder of the decade. A publication of the proceedings of the forum was released in June 2003. The Bank president continues to serve as chair of the FHLBank's Bank Presidents Housing and Community Committee into 2006.

The Bank's HCD staff provide technical assistance to stockholders and housing development organizations in the district on an ongoing basis, including assistance in the preparation of AHP,

CHP and CDP applications and set-aside programs reservations and disbursements. Technical assistance activities include presentations and co-sponsorship of affordable housing workshops and seminars, individual on-site consultations with stockholders and housing development organizations, continuous availability through phone contacts, and contacts to all new stockholders upon approval of Bank membership. Information and links to other resources are provided on the Bank's Web site at www.fhlbtopeka.com.

The Bank offers technical assistance to assist stockholders and communities in addressing local needs for affordable housing and economic development. The Bank will work cooperatively with federal agencies including USDA, stockholders, local government entities and other interested parties to develop an understanding of local economic development and housing needs, both current and long-term. Technical assistance includes but is not limited to: (1) consulting with the participating groups on assessing and responding to economic development and housing needs, including the identification of organizations that can assist with those tasks; (2) assisting in the identification and documentation of any financing resources applicable to the identified economic development or housing projects; (3) promoting the use of the Bank's products and programs; and (4) development of a Web site devoted exclusively to housing and economic development information and enhancement of that portion of the Bank's Web site devoted to technical assistance.

Affordable Housing Program (AHP including Rural First-time Homebuyer Program)

The AHP, including the Rural First-time Homebuyer Program (RFHP) and Targeted Ownership Program (TOP) for disabled, first-time homebuyers, is set forth in the Bank's 2006 AHP Implementation Plan.

Community Housing Program (CHP)

The CHP provides advances to stockholders to finance homeownership programs and rental projects for low- and moderate-income tenant households. CHP advances are governed by the Bank's Member Products and Services Guide. See appendix A.

Community Housing Program *Plus* (CHP *Plus*)

Under CHP *Plus*, FHLBank makes advances to members that allow the member to offer a discounted lending rate for low-income rental housing projects. CHP *Plus* advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

Community Development Program (CDP)

The CDP provides advances to stockholders to finance commercial and economic development activities. CDP advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

Housing and Community Development Emergency Loan Program (HELP)

HELP provides advances for members' financing in federally designated disaster areas. HELP advances will be governed by the Bank's Member Products and Services Guide. See Appendix A.

FHLBank Economic Development Funding Program Design Joint Opportunities for Building Success (JOBS)

JOBS, a new program last year is proposed to be continued in 2006, JOBS will assist members in promoting employment growth in their communities. The Bank will provide \$1,000,000 in funding for JOBS in 2006. A recoverable grant program, funds will be allocated annually and combined with recovered monies to support projects. The following are elements of JOBS: (1) funds made available only through Bank members; (2) \$25,000 maximum funding per member (and \$25,000 per project) annually. Loan pools and similar funding mechanisms are eligible to receive more than one JOBS award annually provided there is an eligible project in the pool for each JOBS application funded.; (3) members and project participants agree to participate in publicity highlighting their role as well as that of the Bank's contribution to the project and community/region; (4) projects that appear to be "bail outs" are not eligible; and (5) members cannot use JOBS funds for their own direct benefit (e.g., infrastructure improvements to facilitate the new branch location).

JOBS is a competitive program and the following competitive factors will be used by HCD staff and management for consideration and evaluation of proposals submitted for the program: (1) impact on employment (e.g., number of jobs created/supported, quality of jobs created/supported, viability of project and readiness to proceed); (2) community needs and support (e.g., challenged economic area, measurable benefit to the community, member and community participation and multiple sources for funding and/or technical assistance); and (3) other (i.e., recoverability of funds, utilization of multiple FHLBank products for project and distribution of funding throughout the district).

In the event all funds are not allocated as a result of the competitive process by October 31, of each year, the Bank will consider requests consistent with the program's goals on a first-come, first-serve basis for the remainder of the calendar year. The Bank is not required to fund any request and reserves the right to reject any request even though funds may be available. Members will be required to execute agreements agreeing to the terms of the program and use of approved funds. Members may be approved for multiple grants not to exceed the \$25,000 per member annual limit. Funding decisions made by management will be presented to the Housing and Community Development board committee prior to the dispersal of funds.

Regional Needs Initiative

The Regional Needs Initiative is a flexible grant program to address housing and community development needs within the district that are not fully addressed by the Bank's other programs. The Bank will work cooperatively with Congressional offices to identify those needs. In order to provide the maximum flexibility in identifying and addressing housing and community development needs, the program will not have prescribed criteria. All grants made by the Bank will be promptly reported to the Housing and Community Development Committee. Funding available for the Regional Needs Initiative for 2005 is \$40,000.

2006 CHP and CDP Performance Proposed Goals

The following 2006 quantitative performance goals for FHLBank Topeka products related to multi-family housing, small business, small farm, and small agriculture lending are proposed to be established in accordance with §917.5 of Finance Board regulations, as 2006 goals: (1) small business, 30 projects approved; (2) small farm, 50 projects approved; (3) small agribusiness, 10 projects approved; and (4) multi-family housing, 25 projects approved.

Rural First-time Homebuyer Education Program

The Bank will provide \$100,000 in 2006 to support the Rural First-time Homebuyer Education Program. A training curriculum for use by stockholders and nonprofit housing counseling agencies in counseling prospective homebuyers on homeownership has been established. The Bank will support rural homeownership counseling in 2006 while actively encouraging participating organizations to seek supplemental funding from other sources. Goals for 2006 are to support rural counseling in all four states in the district especially in those areas with RFHP participating stockholders.

Recognition Awards

The Bank will recognize exemplary performance by stockholders in community support activities through the Community Leader Award and other recognition awards such as plaques and certificates. These activities include stockholder participation in the RTAP, RFHP, AHP, CHP and CDP as well as stockholder community support activities not involving Bank programs. The Bank will include award presentations as part of Bank seminar programs, ground breaking or ribbon cutting ceremonies, or other appropriate circumstances.

Katrina Evacuees Empowerment Program (KEEP)

FHLBank Topeka's Katrina Evacuees Empowerment Program (KEEP) is a special assistance program authorized by FHLBank's Board of Directors. KEEP offers basic, one-time assistance through FHLBank member institutions to Hurricane Katrina evacuees permanently relocating within FHLBank's district of Colorado, Kansas, Nebraska and Oklahoma. FHLBank will award \$500 to each Hurricane Katrina evacuee household subject to availability of KEEP funds. Funds will be disbursed to FHLBank members for credit to the evacuee's checking account.

Appendix A

Member Products and Services Guide as of 2006

Community Housing Programs
Community Development Program
Housing and Community Development Emergency Loan Program
Joint Opportunities for Building Success
Katrina Evacuees Empowerment Program (KEEP)

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Community Housing Programs

Community Housing Programs (CHP and *CHP Plus*) are special advance programs authorized by the Finance Board's Community Investment Cash Advance (CICA) regulations. These programs provide members with wholesale loans (advances) priced below FHLBank's regular market rates to help finance owner- and renter-occupied housing in their communities. This favorable pricing, coupled with the availability of funds in terms of four months to 30 years, helps lenders extend long-term, fixed rate credit for housing.

CHP/CHP *Plus* Advance Products and Programs

- Regular Fixed Rate Advances
- Callable Advances
- Amortizing Fixed Rate Advances
- Adjustable Rate Advances

Common Uses

- Single-family home loans (CHP)
- One-to-four family rental properties (CHP or *CHP Plus*)
- Multifamily rental projects (CHP or *CHP Plus*)

Terms and Conditions

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of this Guide.

CHP/CHP *Plus* advances cannot be used to finance any direct activity of the member or an affiliate of the member.

Members are precluded from using CHP/CHP *Plus* advances for their own benefit. The minimum amount of a CHP/CHP *Plus* advance is \$10,000.

FHLBank will provide up to \$25 million annually in CHP *Plus* advances, and each project is limited to \$2 million. Members are limited to no more than a 200-basis-point markup to their customer above CHP *Plus* advance rates. However, members are not limited on CHP markups. A member may obtain CHP *Plus* advances for no more than two projects per year. Members may obtain CHP *Plus* advances for additional projects after June 15th if CHP *Plus* funds remain available.

Required Documents

CHP Application

CHP Plus Application

CHP/CHP *Plus* applications must be submitted to FHLBank for confirmation of eligibility. To obtain these required documents, visit the "Community Lending" section of FHLBank's Web site.

Rate

CHP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. CHP *Plus* advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs. Callable, amortizing and adjustable rate CHP/CHP *Plus* advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CHP/CHP *Plus* advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the programs, the interest rates on the outstanding CHP/CHP *Plus* advances may be changed to the comparable market rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Term

CHP/CHP *Plus* advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee will apply to CHP/CHP *Plus* advances. For details, refer to the specific advance program.

Collateral

CHP/CHP *Plus* advances must be fully collateralized at the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of this Guide.

Availability

Provided an approved CHP/CHP *Plus* application is on file, CHP/CHP *Plus* advances may be requested until 4 p.m. CT.

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Community Development Program

The Community Development Program (CDP) is a special advance program authorized by the Finance Board's Community Investment Cash Advance (CICA) regulations. The CDP is designed to increase members' involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. The CDP provides wholesale loans (advances) priced below FHLBank's regular market rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve. This favorable pricing, coupled with the availability of funds in terms of four months to 30 years, helps lenders extend long-term, fixed rate credit for community development.

CDP Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Common Uses

- Agricultural loans for operating, equipment, breeding stock, real estate, refinancing;
- Commercial and small business loans for real estate, equipment, rolling stock, or refinancing;
- Community loans for infrastructure, public facilities, or equipment leases;
- Purchase of utility bonds, industrial revenue bonds or tax credits;
- Nonprofit lending for churches, schools, daycares and museums; and
- Purchase of a participation interest in or actually participating in a loan consortium for CDP-eligible projects.

Terms and Conditions

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of this Guide. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. The minimum amount of a CDP advance is \$10,000.

Required Documents

CDP Application

CDP applications must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain the CDP application, visit the "Community Lending" section of FHLBank's Web site.

Rate

CDP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CDP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CDP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed to the comparable market rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Term

CDP advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee will apply to CDP advances. For details, refer to the specific advance program.

Collateral

CDP advances must be fully collateralized on the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of this Guide.

Availability

Provided an approved CDP application is on file, CDP advances may be requested until 4 p.m. CT.

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Housing and Community Development Emergency Loan Program

FHLBank Topeka's Housing and Community Development Emergency Loan Program (HELP) is a special advance program authorized by the Finance Board's CICA regulations. HELP provides members with wholesale loans (advances) priced below FHLBank's regular market rates for members to finance housing and community development loans in areas adversely affected by natural disasters as determined by the Federal Emergency Management Agency (FEMA).

HELP Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Common Uses

HELP advances finance the construction, purchase or rehabilitation of rental and owner-occupied housing as well as commercial, agricultural and community development activities located in federally declared disaster areas. Members must demonstrate that HELP advances address disaster-related needs.

Terms and Conditions

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of this Guide. HELP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using HELP advances for their own benefit. The minimum amount of a HELP advance is \$10,000.

Members are limited to no more than a 200-basis- point markup to their customer above HELP advance rates. FHLBank will provide up to \$25 million annually in HELP advances, and each project is limited to \$2 million. A member may obtain HELP advances for no more than two projects in a single year.

HELP limitations may be waived at the discretion of the FHLBank President in the event of extenuating circumstances.

Required Documents

HELP Application

HELP applications must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility. To obtain the HELP application, visit the "Community Lending" section of FHLBank's Web site.

Rate

HELP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs. Callable, amortizing and adjustable rate HELP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. HELP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the program, the interest rates on the outstanding HELP advances may be changed to the comparable market rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Term

HELP advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee will apply to HELP advances. For details, refer to the specific advance program.

Collateral

HELP advances must be fully collateralized at the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of this Guide.

Availability

Provided an approved HELP application is on file, HELP advances may be requested until 4 p.m. CT.

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Joint Opportunities for Building Success

The Joint Opportunities for Building Success (JOBS) program is an economic development initiative that assists members in promoting employment growth in their communities. Annual funding will be subject to board approval. Recovered funding will be available for future JOBS projects.

Common Uses

- Reducing the interest cost on small business loans
- Funding a micro-loan pool as part of a downtown revitalization program
- Facilitating entrepreneurship training and funding viable small business projects
- Enhancing equity financing through Small Business Investment Corporation activity
- Collaborating with recently established resources such as the New Markets Tax Credit and the Community Development Financial Institutions programs
- Infrastructure development that leads to increased employment opportunities

Program Requirements

- Maximum funding of \$25,000 per member (and \$25,000 per project) annually. Members may be approved for multiple grants but will be limited to the annual maximum. Loan pools and similar funding mechanisms are eligible to receive more than one JOBS award annually provided there is an eligible project in the pool for each JOBS application funded.
- JOBS funds cannot be used for the direct benefit of the member (e.g., infrastructure improvements to facilitate a new branch location) or an affiliate of the member.
- Members and project participants agree to take part in publicity highlighting their role as well as that of FHLBank's contribution to the project and community/region.
- Projects that appear to be "bailouts" are ineligible.

Funding Criteria

Eligible applications for JOBS funding are reviewed by FHLBank staff using a competitive process based on how well each application meets the following criteria:

1. Impact on Employment

- Number of jobs created/supported
- Quality of jobs created/supported
- Viability of project
- Readiness to proceed

2. Community Needs and Support

- Challenged economic area (e.g., rural, inner city)
- Measurable benefit to the community
- Member and community participation
- Uses multiple sources for funding and technical assistance

3. Other

- Recoverable (likelihood of repayment)
- Utilization of other FHLBank products for project
- Distribution of funding throughout the district

Board of Directors Approval

Funding decisions made by management will be presented to the Housing and Community Development board committee for final approval.

Required Documents

JOBS Application

JOBS applications must be submitted to FHLBank's Housing and Community Development department for confirmation of eligibility.

FHLBank staff will forward eligible applications to the board of directors for final funding approval. In the event all JOBS funds are not allocated by October 31, FHLBank will consider requests consistent with the program's goals on a first-come, first-served basis for the remainder of the year.

To obtain the JOBS application, visit the "Community Lending" section of FHLBank's Web site.

KATRINA EVACUEES EMPOWERMENT PROGRAM (KEEP)

FHLBank Topeka's Katrina Evacuees Empowerment Program (KEEP) is a special assistance program authorized by FHLBank's Board of Directors. KEEP offers basic, one-time assistance through FHLBank member institutions to Hurricane Katrina evacuees permanently relocating within FHLBank's district of Colorado, Kansas, Nebraska and Oklahoma. FHLBank will award \$500 to each Hurricane Katrina evacuee household subject to availability of KEEP funds. Funds will be disbursed to FHLBank members for credit to the evacuee's checking account.

TERMS AND CONDITIONS

A. Limitations

- 1) KEEP funds are available only through FHLBank members.
- 2) Members must establish a "free" checking account in the name(s) of the Hurricane Katrina evacuees. Account terms must include free initial check order and no on-going regular service or maintenance charges (bank charges for overdraft protection, non-sufficient funds fees, etc., are permitted).
- 3) Members will be limited to no more than five (5) KEEP disbursements.
- 4) Preference will be given to Hurricane Katrina evacuees consisting of households with young (under age 12) children.
- 5) Members will supply documentation of Hurricane Katrina evacuee status, family size and need for the funds. A copy of the evacuee's FEMA application would be acceptable documentation.
- 6) Receipt of KEEP funds will not exclude evacuees from consideration and potential benefit from other programs through FHLBank's Housing and Community Development department, including the Rural First-time Homebuyer Program, Targeted Ownership Program, Affordable Housing Program, Community Housing/Development Programs and Joint Opportunities for Building Success.
- 7) FHLBank Topeka reserves the right to approve requests for funds in its sole discretion based upon program priorities. FHLBank may limit funding or disapprove funding.

Comment [h1]: Should we describe required documentation?

B. Application

- 1) KEEP Application and Agreement forms are available from FHLBank's Housing and Community Development department at 785.233.0507, on FHLBank's Web site at <http://www.fhltopeka.com> or by e-mail request to HCDCSP@fhlbanktopeka.com.

C. Availability

- 1) KEEP funds will be available until the budgeted funds have been exhausted. Members may call FHLBank's Housing and Community Development department at 785.233.0507 with inquiries into available funds.