

## I. Regulatory Requirements

The Federal Housing Finance Board Community Investment Cash Advance (CICA) regulation requires that the Federal Home Loan Bank of Des Moines (Bank) annually develop a Community Lending Plan (Plan). Development of the Plan requires that the Bank:

- Conduct market research within the Bank's district
- Describe how the Bank will address identified unmet credit needs and market opportunities in the district for targeted community lending
- Consult with its Affordable Housing Advisory Council and with members, housing associates, and public and private economic development organizations in the district in developing and implementing its Plan
- Establish quantitative economic development lending performance goals.

In addition, the Bank is to provide annually to each of its members a written notice:

- Identifying CICA programs and other Bank activities that may provide opportunities for a member to meet its community support requirements and to engage in economic development lending and
- Summarizing 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. Bank Activities to Implement the CICA Regulation

### A. Market Research in 2003

A facilitated discussion on economic development was held in August 2003, with the Board of Directors and the Affordable Housing Advisory Council (AHAC). The Bank activities included in the 2004 Community Lending Plan are intended to address some of the issues raised during this facilitated discussion.

## **B. Bank Activities in 2004**

As a means of encouraging members to participate in community lending, the Bank will offer the following programs:

- ◆ **Continue Offering The Rural Development Advance (RDA) And Urban Development Advance (UDA) Programs**

In these programs the Bank makes advances at its cost of funds plus a markup to cover its expenses. This rate is the Bank's Community Investment Program (CIP) rate.

- ◆ **Conduct a Congressional Symposium on Rural Issues**

The symposium will bring together policy and decision makers with a goal to influence the debate on the future of rural America and to develop national policies that encourage local decisions. The symposium will examine what policies and practices can be implemented to infuse capital into rural areas and determine what obstacles or barriers to economic growth can be removed.

- ◆ **Award for Excellence**

The Bank's awards program for 2004 will recognize 2 communities in each state as a "Capital Community". These communities would be models of best practices or innovative practices. The award for each community will consist of a \$5,000 unrestricted cash grant and \$2,500 to hire a qualified intern.

- ◆ **Sponsor Leadership Training Courses In Each State In The Bank's District**

The Bank will conduct leadership training seminars for up to 100 people in each of the five states within its district. The Bank will solicit teams from its members in each state of three to five people from a community served by the member.

- ◆ **Maintain An Economic Development Web Page On The Bank's Web Site**

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

- ◆ **Continue Enhancing Relationships Within 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.

## C. Quantitative Plan Goals for 2004

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| ◆ Present Awards for Excellence   | 5  |
| ◆ Hold leadership seminars within the district  | 5  |
| ◆ Participate in or support community lending conferences and workshops within the district | 12 |

### III. Limits on CICA Advances

- Total outstanding CICA balances cannot exceed \$1.25 billion, excluding outstanding Partnership 2000 and Living Wage advances. The Bank would make available, as of January 1, 2004, for new advances the total of funds remaining available under the preceding limit plus all advances maturing in 2004 plus any pre-paid amounts during the year.
- Per member limit on CICA advances of the greater of 15% of non-CICA advances or \$5 million, including advances for Partnership 2000 and Living Wage advances, provided that management may waive this limit to members in federal disaster areas to allow rebuilding of communities affected by such disasters.
- 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
- The minimum advance term for a CICA advance is 6 months.
- Housing Associates may receive no more than one-third of the CICA advance funds available in 2004 for economic development. Housing Associates have access to \$25 million of housing funds at a discounted rate of 3 basis points above the CICA rate.