

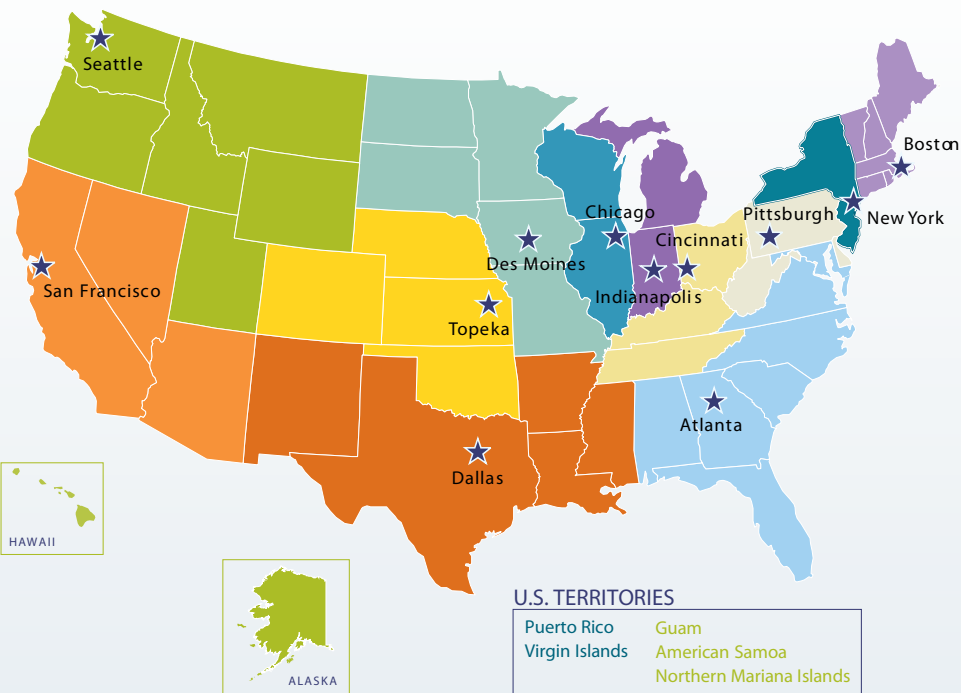
Housing & Community Lending Programs



OVERVIEW OF THE FHLBANK SYSTEM AND THE FHLBANK OF NEW YORK



The Federal Home Loan Bank (FHLBank) System



Federal Home Loan Bank of New York Second District



What is the Federal Home Loan Bank?

- Created by Congress in 1932
- AAA-rated
- Owned by its Members – a cooperative
- Regulated by two agencies –
 - Federal Housing Finance Agency (“FHFA”)
 - SEC
- Government Sponsored Enterprise
- Exempt from most taxes
- Provides economical housing finance
- Makes investments to earn additional income
- Provides various services to our customers



The Federal Home Loan Bank of New York

Who we are...

- ▶ One of the 12 regional co-operative Federal Home Loan Banks
- ▶ A privately owned wholesale bank, owned and operated by our member institutions
- ▶ A co-operative organization that serves the liquidity needs of our members through access to low cost funds
- ▶ Serves 329* member institutions including commercial banks, thrifts, credit unions and insurance companies in New York, New Jersey, and Puerto Rico and the U.S. Virgin Islands
- ▶ Over \$125.4 billion in assets*
- ▶ Serves the public by partnering with our members to provide low-cost funding for housing, community development lending and asset/liability management

*As of September 30, 2014
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What we do...

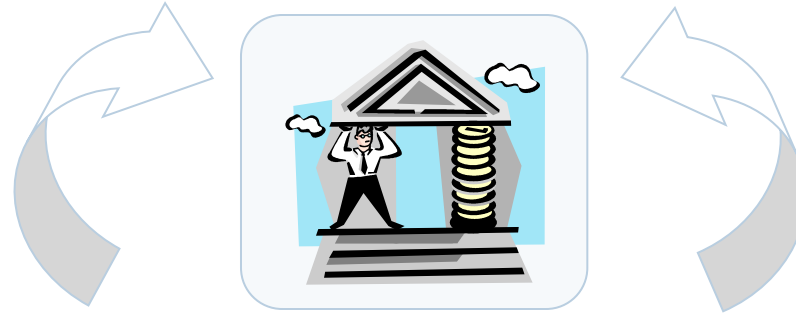
Our Mission

To advance housing opportunity and local community development by maximizing the capacity of community-based member-lenders to serve their markets

- ▶ Offer a wide array of credit products and correspondent services
- ▶ AAA-rated Letters of Credit
- ▶ Mortgage Partnership Finance (MPF)
- ▶ Housing & Community Lending Programs
 - Affordable Housing Program
 - First Home Club
 - Community Lending Programs



Two Parties Needed to Make the FHLBanks Work



People to borrow from us
(Members)

People to invest in our debt
(Investors)

Connecting Investors with Homeowners



The Federal Home Loan Bank System Guide: www.fhlbanks.com



Housing & Community Lending

Subsidized Housing Programs

- Affordable Housing Program (AHP)
- First Home Club (FHC)

Community Lending Programs

- Community Investment Program (CIP)
- Urban Development Advance (UDA)
- Rural Development Advance (RDA)



Affordable Housing Program (AHP)

- ▶ Funded out of HLB net income
- ▶ Established in 1990 to promote affordable housing opportunities for homeowners and renters with incomes at or below 80% of area medium income
- ▶ Provides subsidized funding to qualified affordable housing projects



AHP Funds Available in 2014:

- ▶ 2014 Total AHP Allocation: \$33,957,506
(10% of HLB 2013 Net Income)

- ▶ Competitive AHP:
 - ▶ Allocated: \$22,072,379

- ▶ First Home Club Set-Aside (Non-Competitive AHP):
 - ▶ Allocated: \$11,885,127



Overall Performance Statistics

- ▶ District-wide (NY, NJ, PR, VI)
 - ▶ Subsidy \$464,859,048
 - ▶ Projects 1,375
 - ▶ Units 59,650
 - ▶ Total Dev. Cost \$8,394,728,803



Eligible Uses of AHP Funds

- ▶ Acquisition, construction, or rehabilitation
- ▶ Rental Housing
 - Permanent rental units, transitional housing, shelters
 - At least 20% of the units must be occupied by households earning 50% or less of the area median income
- ▶ Owner-Occupied Housing
 - Single family, two-family, condos, co-ops
 - All units must be for households earning 80% or less of the area median income



Who can access AHP?

- ▶ HLB members (see www.fhlbny.com; click on “Members”)
- ▶ Project sponsors in partnership with HLB members:
 - Non-profit organizations
 - State or local government agencies
 - For profit affordable housing developers



AHP Application Process

- ▶ One AHP application round per year
- ▶ Applications must be submitted by a member bank
- ▶ Project must meet minimum eligibility thresholds and feasibility requirements
- ▶ All applications are competitively scored and ranked based on the project's ability to satisfy nine scoring categories
- ▶ Highest scoring applications are awarded subsidy
- ▶ Four alternate submissions are selected
- ▶ Announcement of approvals are made approximately six months after application submission



AHP Application Approval & Funding

- ▶ Funds are available immediately after the project has been approved subject to documentation establishing continued need for subsidy

- ▶ Projects are subject to regulatory compliance periods:
 - ▶ Homeownership – 5 years
 - ▶ Rental – 15 years



2014 AHP Application Round Results

▶ Applications Submitted: 115

- Number of Applications:

Rental: 94

Owner: 21

▶ Applications Approved: 28

- Number of Applications:

Rental: 26

Owner: 2

- Subsidy Approved: \$22,108,068

Rental: \$21,608,068

Owner: \$500,000

- Units Approved: 2,387

Rental: 2,347

Owner: 40

- VLI Units Approved: 1,440 (60% of total units)



First Home Club (FHC)

- ▶ Set-aside non-competitive program of the Affordable Housing Program
- ▶ Provides down payment and closing cost assistance to first-time homebuyers with incomes at or below 80% of the area median income
- ▶ Assistance provided in the form of a grant of up to \$7,500 based on a 4:1 match of household's savings
- ▶ Up to \$500 available to the counseling agency to defray cost of the counseling given to the household



Enrollment in the First Home Club

- ▶ New – Monthly enrollment periods:
 - ▶ Enrollment reports due on the 10th of each month for households that opened savings accounts within the previous month
 - ▶ Annual enrollment caps are allotted to each participating member



Requirements to Participate in the First Home Club

- ▶ Household's income cannot exceed 80% of the area median income
- ▶ Households must be enrolled through a member bank
- ▶ A minimum of 10 months of systematic savings in a dedicated account with the member bank
- ▶ Must achieve homeownership within 24 months



Requirements to Participate in the First Home Club

- Completion of a HLB approved homeownership counseling program
- Member bank must originate household's mortgage
- Funds must be used for down payment and closing cost assistance
- Five year retention period



Example

- ▶ Household saves \$187.50 a month for 10 months for a total savings of \$1,875 (or other regular savings pattern to meet equity goal)
- ▶ Household completes homeownership counseling program and is approved by the member bank for a mortgage
- ▶ HLB provides up to \$7,500 (4:1 match) for down payment and closing cost assistance



FHC Participation

- ▶ District-wide (NY, NJ, PR, VI)
 - ▶ Households Currently Enrolled 7,324
 - ▶ Closings 9,278
 - ▶ Subsidy Funded \$64,163,785



Community Lending Programs

Specially priced advances to support eligible lending activities:

- to promote affordable housing initiatives;
- to promote community and economic development projects;
- to support members' community lending activity

Applies to a wide range of project types.



Community Lending Programs

For Residential Lending:

- **Community Investment Program (CIP)**

For Community and Economic Development Lending
in Urban Areas:

- **Urban Development Advance (UDA)**

For Community and Economic Development Lending
in Rural Areas:

- **Rural Development Advance (RDA)**



Community Investment Program (CIP)

- ▶ Advance program that provides financing for homeownership and rental housing lending activity
- ▶ Housing must benefit individuals or families with incomes at 115% or less of the area median income



Community Investment Program (CIP) Uses

Housing

- Origination of single-family mortgages
- Refinancing of single-family mortgages
- Financing of housing projects:
 - Property acquisition
 - Construction
 - Permanent financing
 - Re-financing
 - Renovation / Rehabilitation
 - Home Improvement



Community Investment Program (CIP)

Eligibility

- ▶ Individual owner-occupied housing units, each of which is purchased or owned by a family with an income at or below 115% of the area median
- ▶ Projects or programs involving multiple units of owner-occupied housing in which at least 51% of the units are owned or intended to be purchased by families with incomes at or below 115% of the area median
- ▶ Rental housing where at least 51% of the units are occupied by, or the rent is affordable to, families with incomes at or below 115% of the area median
- ▶ Manufacturing housing parks where at least 51% of the units are occupied by, or the rent is affordable to, families with incomes at or below 115% of the area median or located in a neighborhood with a median income at or below 115% of the area median



Urban Development Advance (UDA)

- ▶ Advance program that provides financing for community and economic development activities
- ▶ Project being financed must be located in an ***urban area***, unit of general local government with population of greater than 25,000
- ▶ Project being financed must benefit individuals or families at or below 100% of the are median income



Rural Development Advance (UDA)

- ▶ Advance program that provides financing for community and economic development activities
- ▶ Project being financed must be located in a ***rural area*** (unit of general local government) with population of 25,000 or less
- ▶ Project being financed must benefit individuals or families at or below 115% of the are median income



Urban and Rural Development Advance (UDA & RDA) Uses

Commercial / Economic Development

- Financing of commercial lending (non-residential) activities:
 - Property acquisition
 - Construction
 - Permanent financing
 - Re-financing
 - Renovation / Rehabilitation
 - Equipment purchase / expansion
 - Small business loans



Urban and Rural Development Advance (UDA & RDA) Eligibility

Geographic Criteria:

- Project being financed by a **UDA** must be located in an area with:
 - population greater than 25,000
 - a median income at or below 100% of the median income for the larger surrounding area
- Project being financed by an **RDA** must be located in an area with:
 - population of 25,000 or less
 - a median income at or below 115% of the median income for the larger surrounding area
- Is eligible for a federal Brownfield Tax Credit
- Project being financed must be located in an area:
 - An area affected by a federal military closing or realignment
 - A urban Champion Community, a urban Empowerment Zone, or urban Enterprise Community
 - A federally or state declared disaster area
 - An Native American Indian area
 - An area identified as a designated community under the Community Adjustment and Investment Program



Urban and Rural Development Advance (UDA & RDA)

Eligibility (Cont.)

Individual Criteria:

- ▶ The annual salaries for at least 51% of the permanent full- and part-time jobs, computed on a full-time equivalent basis, created or retained by the project (other than construction jobs) are at or below 100% (for a UDA) and at or below 115% (for a RDA), of the median income
- ▶ At least 51% of the families who otherwise benefit from (other than through employment) or are provided services by the project have incomes at or below 100% (for a UDA) and at or below 115% (for a RDA), of the median income

Small Business Criteria:

- ▶ Projects that qualify as small businesses as defined by section 3(a) of the Small Business Act and implemented by the Small Business Administration under 13 CFR Part 121



CLP Performance Statistics

- ▶ District-wide (NY, NJ, PR, VI)

- ▶ Advances Funded: \$6,493,166,126

- ▶ CIP: \$4,038,613,334

- ▶ UDA: \$2,414,494,807

- ▶ RDA: \$40,057,985





Advancing Housing and Community Growth

Questions or additional information:

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