

Business Opportunities in Community Development Lending

Role of the Community Development Intermediary in
Maine's Community Development Lending & Investing
Landscape:

Value of FHLB Membership
June 14, 2013

FHLB Boston

- Cooperatively owned wholesale bank
- 453 member/shareholders comprised of commercial banks, savings institutions, credit unions, insurance companies, and CDFIs
- \$40.2 billion in assets as of year-end 2012
- Provide reliable funding and liquidity products and services that facilitate housing and economic growth
- Offer attractive housing and community investment programs and more than 20 years of experience working with members, developers, funders, and stakeholders

Membership Profile

453 Members:

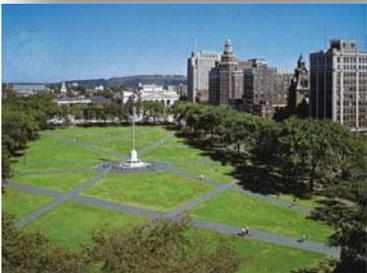
205 thrifts, 155 credit unions, 65 commercial banks, 27 insurance companies, 1 CDFI



Massachusetts
 234 members
 Advances: \$9.7B Capital
 Stock: \$1.1B



New Hampshire 30
 members
 Advances: \$1.1B Capital
 Stock: \$93M



Connecticut
 77 members
 Advances: \$5.7B
 Capital Stock: \$501M



Vermont
 28 members
 Advances: \$0.4B Capital
 Stock: \$57M



Maine
 61 members
 Advances: \$2.1B
 Capital Stock: \$176M



Rhode Island 22
 members
 Advances: \$1.7B
 Capital Stock: \$1.5B

As of 02/28/13

Background

- HERA of 2008 enabled CDFIs that are not insured depositories to become eligible for membership
- CDFI Fund-certified loan funds, venture funds, bank holding companies, and state or privately insured CDFI credit unions
- To date, 15 certified CDFIs have obtained membership in 8 different Federal Home Loan Banks nationwide
- Coast Enterprises Inc. is FHLB Boston's first CDFI member; discussions are ongoing with two additional ME CDFIs

The Financial Intermediary

- CDFIs play an important role by providing financing products and services tailored to the needs of underserved communities
- Banks continue to be effective and good partners in providing equity and debt financing to CDFIs for housing and economic development lending
- CDFIs are often constrained in the types of lending they can do because of the types and sources of their capital
- CDFIs need access to a variety of sources of capital, particularly long-term, low-interest rate financing, to grow and expand lending to meet the needs of their communities

Why FHLB Boston Membership

- While not easy, the benefits and opportunities of membership outweigh the potential challenges of applying for membership
- On-demand access to reliable, low-cost financing, enables CDFIs to better leverage capital, expand products, and meet the demand for long-term lending by their clients
- Advances can be structured in a variety of terms and maturities for liquidity, asset/liability management, and housing finance
- Access to letters of credit, correspondent services, secondary market products, and technical assistance
- Access to Affordable Housing Program and Community Investment Program funds

Validated Model

- Approval of CEI as a member in FHLB Boston validates the business case and rationale for becoming a member and supports CEI's growth strategy
- As the CDFI industry evolves and the sources of low-cost capital get harder to identify, membership will become increasingly important for long-term sustainability
- CDFIs that may not qualify for membership today, should consider reevaluating their business model and if possible, and when appropriate, adapt to qualify for membership in the future

Long-term Commitment

- Continue to work with CDFIs on the opportunities and challenges of obtaining membership in FHLB Boston to meet their funding needs
- Provide clarity and discuss where we can be flexible in the requirements to increase CDFIs' chances of being approved as members
- Solicit information about CDFI capital needs and loan programs
- Explore alternative methods of providing capital to CDFIs to enable them to meet their mission and funding needs

Contact Information

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