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

<table>
<thead>
<tr>
<th>State</th>
<th>Members</th>
<th>Advances:</th>
<th>Capital Stock:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>234</td>
<td>$9.7B</td>
<td>$1.1B</td>
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<tr>
<td>Connecticut</td>
<td>77</td>
<td>$5.7B</td>
<td>$501M</td>
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<tr>
<td>Maine</td>
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<td>$2.1B</td>
<td>$176M</td>
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<tr>
<td>New Hampshire</td>
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<td>Vermont</td>
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<tr>
<td>Rhode Island</td>
<td>22</td>
<td>$1.7B</td>
<td>$1.5B</td>
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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

Kenneth Willis
First Vice President, Housing and Community Investment
Federal Home Loan Bank of Boston
Phone: 617-292-9631
Email: Kenneth.Willis@FHLBBoston.com