FHLB Boston & Rural Small Business Lending

November 7, 2017

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Our Mission

Our mission is to provide highly reliable wholesale funding, liquidity, and a competitive return on investment to member financial institutions in New England. We strive to consistently develop and deliver the best financial products, services, and expertise that support housing finance, community development, and economic growth, including programs targeted to lower-income households.

What Is FHLB Boston

- The Federal Home Loan Bank of Boston is a cooperative owned by its member financial institutions which include insured depositories (thrifts, commercial banks, credit unions), insurance companies, and CDFIs
- \$60.8 billion in assets (06/30/2017)
- Provides reliable, competitively priced, wholesale funding to facilitate housing and economic growth:
 - Core product: "advances," which are secured loans to members
 - Purchase fixed-rate, single-family mortgages (MPF)
 - Fund and administer targeted housing programs and community investment programs
 - Letters of credit

Community Development Advance Program Features

Provides members with fixed-rate advances priced below the Bank's regular advance rates.

- Pricing & availability of funds helps lenders extend long-term, fixed-rate credit to their customers
- Available through 2 application options, up to \$50 million total, to help support community development activities:
 - CDA Extra
 - CDA



CDA Extra

- Deeply discounted advance that supports affordable housing at or below 115% of AMI or
- Economic development/mixed use initiatives at or below 80% of AMI



CDA

- Discounted advance that supports economic development and mixed-use initiatives (including small business) that support geographic, individual, and activity beneficiaries in urban census tracts up to 100% of AMI or
- For rural initiatives up to 115% of AMI

CDA Program's Benefits

- Allows members to meet and expand the housing & economic development needs of the communities they serve
- Provides a lower cost of funding for economic development
 & community-based initiatives
- Supports and complements existing lending programs
- Enables members to provide long-term, match-funded loans to projects
- Mitigates interest-rate risk while locking in spread and term
- Funds a variety of uses
- Incorporates projects that may meet CRA definition of "Community Development"

CDA Program's Performance: 27 Years of Success

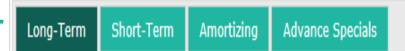
Since 1990, the CDA Program has disbursed more than \$14.7 billion across the six New England states.



Pricing

We offer more favorable rates for small business lending through several options

- Available in terms from 1-year, up to 20-year maturity with 30-year amortization
- See current rates: <u>fhlbboston.com/rates/advances/index.jsp</u>



Long-Term Classic Advance Rates

Effective 12:38 PM October 31, 2017

Term	Reg.	CDA	CDA Extra	NEF
1yr	1.69	1.60	1.57	1.67
2yr	1.97	1.76	1.72	1.95
3yr	2.12	1.90	1.85	2.10
5yr	2.41	2.19	2.12	2.39
7yr	2.72	2.49	2.40	2.70
10yr	3.07	2.84	2.72	3.05
15yr	3.45	3.27	3.10	3.43
20yr	3.64	3.50	3.29	3.62

2016 CDA Program Activity: Rural Initiatives

 Approved 30 applications totaling \$302.7 million to support economic development/mixed-use initiatives

Disbursed\$156.1 million



Eligibility Options for CDA: Economic Development

Eligibility Options:

commercial, industrial, manufacturing, social services, and public facility projects, or public/private infrastructure projects that meet one of the following three:

Individual Beneficiaries

- Creates or retains jobs for at least
 51% of income-eligible workers
- Benefits 51% of income-eligible families

Activity Beneficiary

Initiative qualifies as a small business

Geographic Beneficiaries

- Initiative located in a neighborhood at or below 80% of AMI (CDA Extra only)
- Urban initiatives targeting incomes up to 100% of AMI
- Rural initiatives targeting incomes up to 115% of AMI

How Can I Determine If a Region Is Eligible?

- Go to <u>www.FFIEC.gov</u>
- Select geocoding/mapping system
- Enter address
- Review median family data
- Annual income guidelines for CDA & CDA Extra (see slides 5 &6)

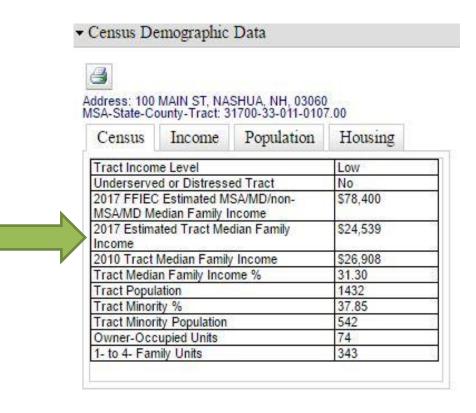


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Community Development Advance Success Story

D & D Realty, LLV

CDA funds were utilized to support the acquisition of two retail properties located in an income-eligible census tract of Laconia, New Hampshire.

State: New Hampshire

Advance: 2-year; \$750,000

Jobs for New England

 Zero-percent interest rate advances to members for low-interest

loans to small

\$5 million
 in interest-rate
 subsidy per year in
 2016, 2017 & 2018

 Designed to stimulate local economies and provide a competitive advantage







Jobs for New England Success Story



Schilling Beer Company

Jobs for New England funds were used to purchase equipment and expand the business operation to include brewing.

State: New Hampshire

Jobs Created or Retained: 16

JNE Advance: 10-year \$1,065,000; \$240,827 subsidy

Questions?

