



Community Support Program and Targeted Community Lending Plan

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Policy Information

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Introduction

This FHLBank Policy, governed by the board of directors (board), sets forth the provisions of Federal Home Loan Bank of Topeka's (FHLBank's) Community Support Program and Targeted Community Lending Plan (Plan) as required by 12 C.F.R Parts 1290, 1291, and 1292. FHLBank's board shall adopt this Plan at least annually and FHLBank shall publish its current Plan on its website within 30 days after the date of adoption. This Plan includes many of the programs and activities undertaken by FHLBank in the area of community support, but it is not intended to be a complete description of all FHLBank programs and activities directed at enhancing housing and community development.

Purpose

The purpose of this Plan is to set forth the policy and provisions as required by the applicable Federal Housing Finance Agency's (FHFA) regulations. This Plan is established to promote and enhance affordable housing and community development in the Tenth District (the District) by providing loans, grants and other assistance to members to provide financing for eligible targeted community lending at the appropriate targeted income levels, including underserved neighborhoods and communities.

Applicable Statutory and Regulatory Provisions

Applicable provisions of the Federal Home Loan Bank Act (Act) and the regulations of the FHFA supersede this Plan, and any actions taken hereunder shall be consistent with such provisions. The applicable FHFA regulations include but are not limited to 12 C.F.R. Parts 1290, 1291, and 1292.

Scope

This Plan provides the framework and guidance for the following Plan programs and initiatives:

- (1) Community Investment Cash Advance (CICA) Programs, which include:
 - (a) Community Housing Program (CHP)
 - (b) Community Development Program (CDP)
 - (c) Awards, technical assistance and other outreach, including partnerships with federal, state and local housing and community development organizations.
- (2) The Affordable Housing Program (AHP) including Homeownership Set-aside Program (HSP) is a CICA program. The framework and guidance for the AHP and HSP are in the AHP Implementation Plan (IP), which is available on FHLBank's website.
- (3) Affordable Housing Advisory Council (Advisory Council). Per 12 C.F.R. §1291.4, the board shall appoint an Advisory Council of 7 to 15 members. These members shall reside in the District and shall be drawn from community for-profit and not-for-profit organizations that are actively involved in providing or promoting low- and moderate-income housing and community lending in the District.

The Advisory Council shall meet quarterly with the board's Housing and Governance committee (HGC) to provide advice regarding how to carry out the housing finance and community lending mission of FHLBank, including but not limited to:

- (a) Advice on the low- and moderate-income housing and community lending programs and needs in the District, and on the use of AHP subsidies, FHLBank advances, and other FHLBank credit products for these purposes.
- (b) Prior to its adoption, the Advisory Council shall review the Plan and any subsequent amendments thereto, and provide its recommendations to the HGC.

Definitions

Terms used within this Plan and in all applicable agreements, forms, applications and FHLBank's website shall have the meanings as set forth in Exhibit D of this Plan.

Policy

- I. Market Research.** FHLBank conducts market research using both primary and secondary sources. Primary sources include consultation with members and economic development organizations within the District and consultation with the Advisory Council. Secondary sources include an analysis of materials related to some of the classes of CICA-targeted beneficiaries. Other materials reviewed but not related to CICA-targeted beneficiaries include each District state's Consolidated Plan for Housing as well as Consolidated Plans prepared for larger communities, Census data, publications applicable to the District, rural resources and state and local sources.

In 2020, FHLBank will assemble data on the housing supply and housing conditions in the District.

FHLBank works with the Advisory Council to continually evaluate the needs of the District and how FHLBank programs can be tailored to best meet those needs.

FHLBank shall continue to seek information on opportunities to enhance and promote housing and community development finance from members, nonmember borrowers, the Advisory Council and public and private housing and economic development organizations as part of the ongoing administration of the Plan.

FHLBank reviews the information obtained through this market research, which identifies credit needs and market opportunities for affordable housing and targeted community lending in the District. The AHP, CDP and CHP are designed to meet these identified needs.

- II. Technical Assistance and Outreach.** FHLBank offers technical assistance to members and communities to address local needs for affordable housing and economic development. FHLBank shall work with federal agencies, members, local government entities and other interested parties to develop an understanding of local economic development and housing needs, both current and long-term. Technical assistance includes but is not limited to: (1) consulting with the participating groups on assessing and responding to economic development and housing needs, including the identification of organizations that can assist with those tasks; (2) assisting in the identification and documentation of any financing resources applicable to the identified economic development or housing projects (3) promoting the use of FHLBank's products and programs; and (4) devoting a portion of FHLBank's website to CICA Programs. Information is provided on FHLBank's website at <http://www.fhlbtopeka.com>.
- III. Recognition Awards.** FHLBank shall recognize exemplary performance by members in community support activities through the Community Leader Award (CLA) and other recognition awards such as plaques and certificates. These activities include member participation in the HSP, AHP, CHP, and CDP as well as member community support activities not involving FHLBank programs. FHLBank shall include award presentations as part of appropriate FHLBank programs, ground-breaking or ribbon-cutting ceremonies, or other appropriate circumstances.
- A. Community Leader Award.** Each year, FHLBank Topeka recognizes a member institution that best uses FHLBank products and services to provide outstanding leadership and vision within the communities it serves. FHLBank produces a video about the chosen member. The member is honored at the April Annual Management Conference, where the video is debuted over lunch. During the ceremony, the CLA winner is presented with a crystal award and a \$5,000 check to the nonprofit organization(s) of the member's choice.
- B. 500forgood.** For the second year running, FHLBank opened up a \$500 question to members – "How would members use \$500 to help their communities?" Again in 2019, FHLBank awarded two \$500 checks to members in each of our states. FHLBank plans to do the same in 2020. Some examples of the projects helped include rebuilding a local playground, creating a school branch of a local credit union, supporting a revolving loan fund to support economic development and supplementing Christmas basket efforts for local children in need.

IV. Quantitative Targeted Community Lending Performance Goals. Identified below are FHLBank's quantitative targeted community lending performance goals for 2020:

- Maintain CHP/CDP advance balances between 1.0 and 2.0 percent of FHLBank's total assets;
- Approve 70 or more CHP/CDP applications;
- Approve CHP/CDP applications from more than 30 members.

V. FHLBank Current Programs. Identified below is a list of specific programs included in the Plan.

- A. **Affordable Housing Program.** The AHP, including the HSP, is set forth in FHLBank's AHP IP.
- B. **Community Investment Cash Advance Programs.** These are governed by FHLBank's Member Products Policy.
- 1) **Community Housing Program.** Under the CHP, FHLBank provides advances to members to finance the construction, acquisition, refinancing or rehabilitation of renter- or owner-occupied housing for households at or below 115% of area median income. See Exhibit A for program information.
 - 2) **Community Development Program.** Under the CDP, FHLBank provides advances to members to extend long-term fixed rate credit for community development, including the finance of qualifying commercial loans, farm loans and community and economic development initiatives. See Exhibit B for program information.

VI. Notifications.

- A. **Notice of Programs to Members.** FHLBank shall provide annually to each of its members a written notice identifying its CICA Programs and other activities that may provide opportunities for a member to meet the community support requirements and engage in targeted community lending. The notice shall also include a summary of targeted community lending and affordable housing activities undertaken by members, housing associates, nonprofit housing developers, community groups, or other entities in the District, that may provide the same such opportunities.
- B. **Community Support Requirement Notice.** Community Support Statements (CSS) must be submitted by FHLBank members to the FHFA biennially. FHFA has identified odd-numbered years as those in which the CSS will be completed. The CSS process will not be implemented in 2020.

If the FHFA determine a member's submitted CSS is unacceptable, the member's access to long-term advances (credit with a term to maturity greater than one year) will be restricted. In addition, a member subject to a restriction by the FHFA to long-term advances is not eligible to participate in FHLBank's CICA programs or in the AHP or HSP. The restriction does not apply to CICA or AHP applications or funding approved before the date the restriction is imposed.

VII. Diversity and Inclusion.

FHLBank's Diversity and Inclusion Policy, which is available on FHLBank's website, provides guidance regarding the principles of non-discrimination and the inclusion of minorities, women, individuals with disabilities, and individuals in the lesbian, gay, bisexual, transgender and queer (LGBTQ) community, and minority-, women-, disabled-, and LGBTQ-owned businesses in FHLBank's business activities, including management, employment and contracting.

Policy Review

This Plan shall be reviewed annually and revised as needed by the Director of HCD. Any such revisions shall be submitted for review by the Executive Team and approval by the President and CEO, submitted to the Advisory Council for review and its recommendations and then submitted for review and approval by the HGC and the board.

Exhibits

- Exhibit A: Analysis of FHLBank Member Community Support Activities and Composition of the CHP/CDP Portfolio
- Exhibit B: Community Housing Program Advances
- Exhibit C: Community Development Program Advances
- Exhibit D: Definitions

EXHIBIT A

Community Support Activities of FHLBank Topeka Members

FHLBank’s members comply with standards of community investment or service in order to maintain access to FHLBank’s long-term advances, and to continue their participation in FHLBank’s Affordable Housing Program (AHP), Homeownership Set-aside Program (HSP), and the Community Housing and Community Development Programs (CHP/CDP). These Community Support standards consider a member’s Community Reinvestment Act (CRA) record and lending to first-time homebuyers.

Members may demonstrate lending performance to first-time homebuyers by reporting the number and dollar amount of mortgage loans made to first-time homebuyers. During the 2019 review period and as of September 5, 2019, 48 members reported 7,767 mortgage loans, exceeding \$1.6 billion, to first-time homebuyers. These members constitute 6.6 percent of FHLBank’s 698 members subject to the Community Support requirements.

Members may also demonstrate community investment or support that directly or indirectly assists first-time homebuyers through a checklist of lending options or program participation. During the 2019 review period and as of September 5, 2019, 344 members utilized this checklist to demonstrate Community Support as shown in Table 1 (members may select multiple options).

Table 1: Member Community Support Selections		
LENDING OR SERVICE SUPPORT FOR FIRST-TIME HOMEBUYERS	MEMBERS REPORTING	PERCENT OF MEMBERS
Offer in-house first-time homebuyer program (e.g., underwriting, marketing plans, outreach programs)	80	11.0
Offer other in-house lending products that serve first-time or low- and moderate-income homebuyers	152	20.8
Offer flexible underwriting standards for first-time homebuyers	140	19.2
Participate in nationwide first-time homebuyer programs (e.g., Fannie Mae, Freddie Mac)	89	12.2
Participate in federal government programs that serve first-time homebuyers (e.g., FHA, VA, USDA RD)	132	18.1
Participate in state or local government programs targeted to first-time homebuyers (e.g., mortgage revenue bond financing)	52	7.1
Provide financial support or technical assistance to community organizations that assist first-time homebuyers	59	8.1
Participate in loan consortia that make loans to first-time homebuyers	14	1.9
Participate in or support of special counseling or homeownership education targeted to first-time homebuyers	87	11.9
Hold investments or make loans that support first-time homebuyer programs	67	9.2
Hold mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers	166	22.7
Use affiliated lenders, credit union service organizations, or other correspondent, brokerage or referral arrangements with specific unaffiliated lenders, that provide mortgage loans to first-time or low- and moderate-income homebuyers	93	12.7
Participate in the Affordable Housing Program or other targeted community investment/development programs offered by FHLBank	104	14.2
Other	18	2.5
None of the above	12	1.6

Source: FHFA Community Support Portal

The most common selections by members, in decreasing order, are: holding mortgage back securities, offering in-house lending programs for income-eligible first-time homebuyers, offering flexible underwriting for first-time

homebuyers, utilization of federal government programs that serve first-time homebuyers, and participation in FHLBank’s Housing and Community Development programs.

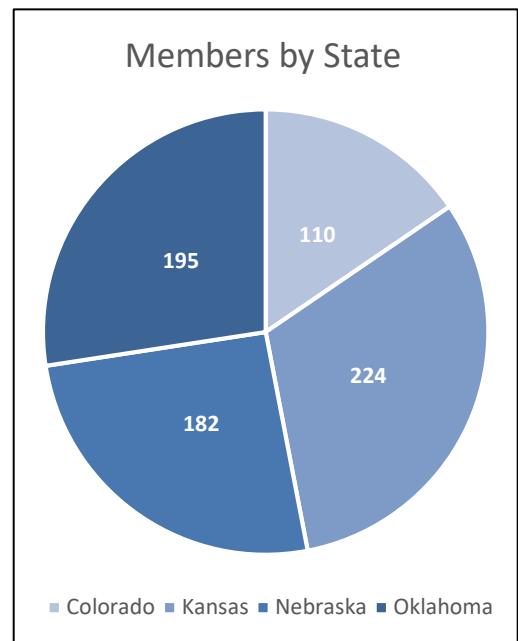
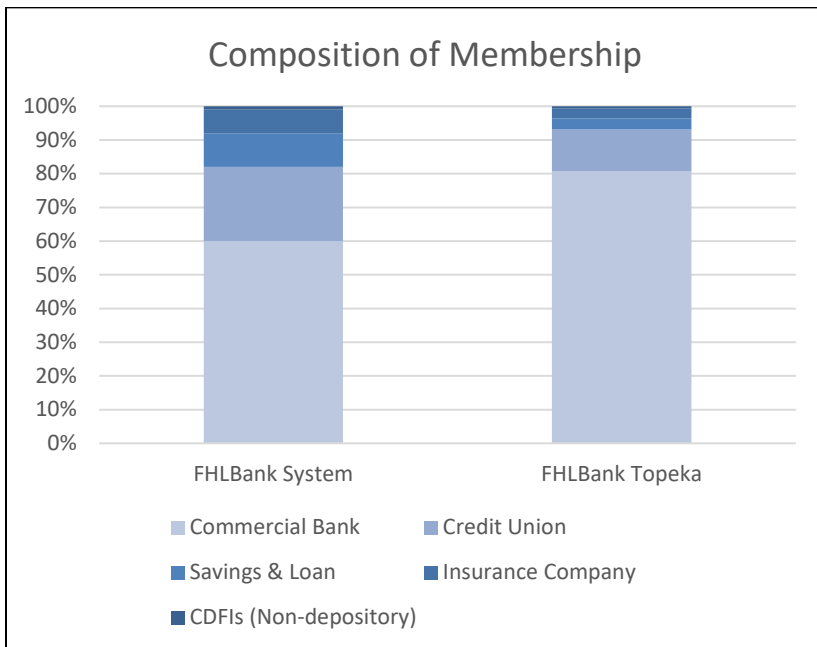
To further understand how FHLBank’s members utilize HCD programs, two subsets of members were compared to the membership total. As of September 5, 2019, 20 members completed their 2019 Community Support requirement by indicating their most current CRA rating was “Outstanding.” Nearly 40 percent of these members utilized at least one HCD program. This contrasts with the Minority Depository Institutions (MDI) members, with only 20 percent of the 15 members with that designation participating in at least one HCD program. The overall membership participates at nearly 32 percent of members utilizing at least one HCD program as shown in Table 2 (below).

	OUTSTANDING CRA	MDI MEMBERS	ALL MEMBERS
Members Utilizing HCD Programs	11	3	229
Total Members	28	15	718
Percentage Utilizing HCD Programs	39.3%	20.0%	31.9%

FHLBank believes it should continue policies that allow HCD programs to be utilized by a large number of members. For example, the \$25,000 per member, per month limit on HSP reservations should be continued to ensure funds are available for a large number of members to access. In addition, FHLBank does not apply limitations to the amount of CHP or CDP advances available to members.

Characteristics of FHLBank Topeka Members

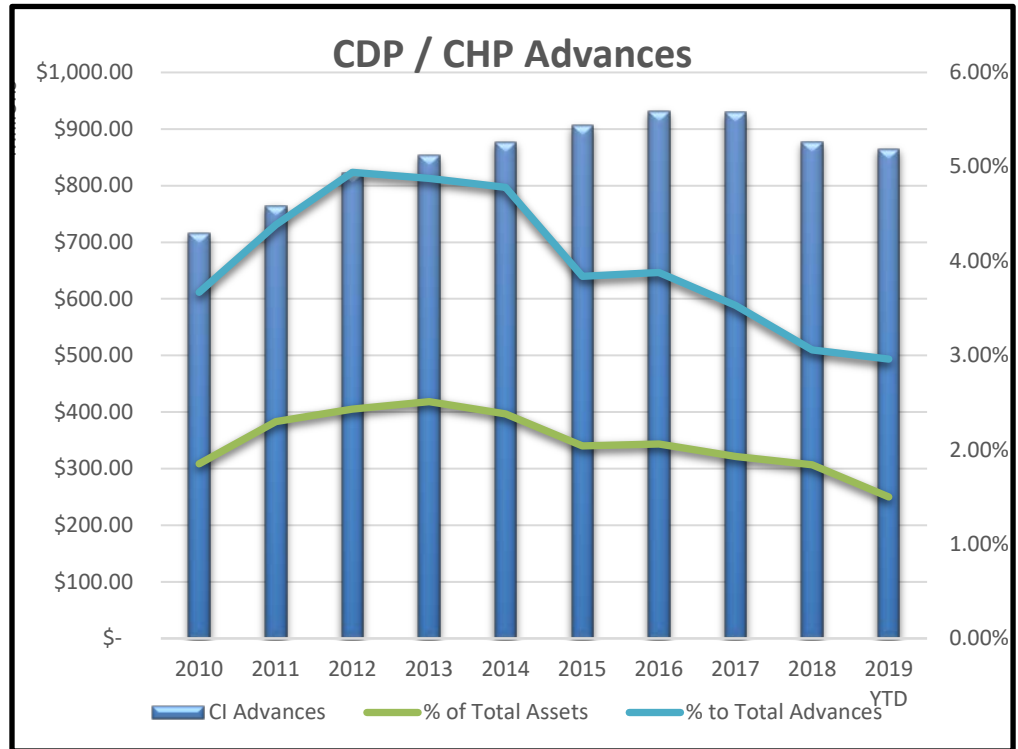
FHLBank’s members are predominately community banks. For the Federal Home Loan Bank system, banks represent 60 percent of members but for FHLBank more than 80 percent of members are banks. A comparison of membership by entity type is shown in the chart on the lower left. Location of FHLBank’s members by state is shown in the graph on the lower right.



Composition of the CHP/CDP Portfolio

Member applications for CHP and CDP were 76 per year from 2016-2018. Nearly that number have been approved through August 31, 2019. During that time period the average project size fell from \$3.1 million in 2016 to \$1.4 million through August 31, 2019.

While average project size decreased by nearly one-half, members are submitting more project applications. This resulted in a less dramatic decrease in the amount of CHP/CDP approved per member from \$5.2 million in 2016 to \$3.2 million through August 31, 2019. Changes in member CHP/CDP applications from 2016 to 2019 are attributed to the continuing shift toward match-funded projects, rather than loan pool projects for member funding purposes.

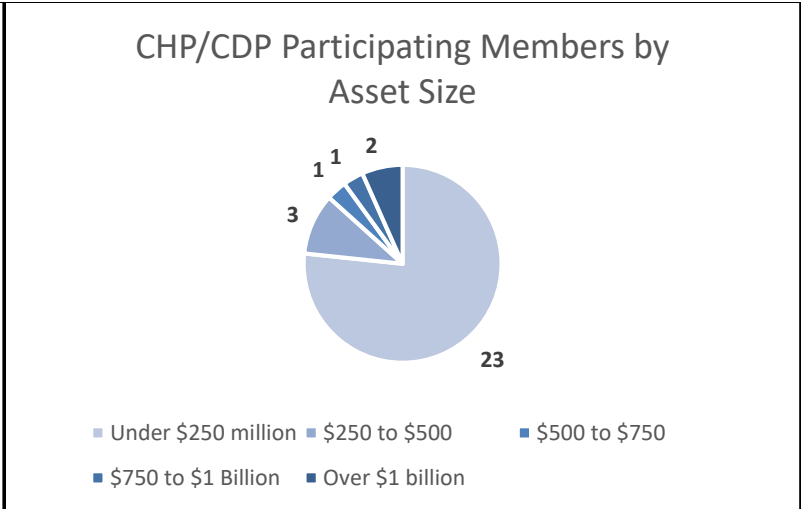
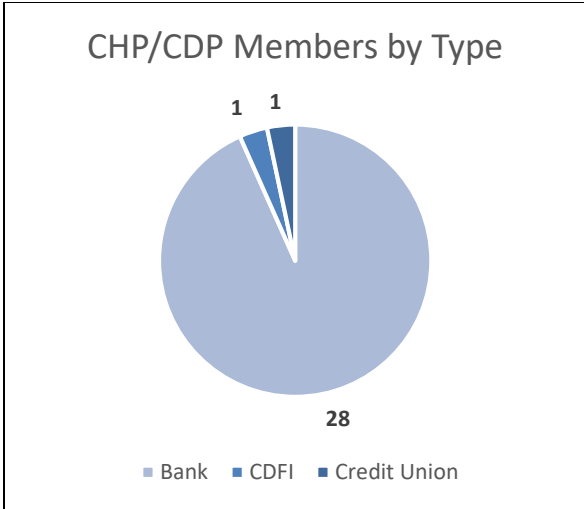


FHLBank’s CHP/CDP advance portfolio at year-end peaked in 2016 at nearly \$932 million. Outstanding CHP/CDP

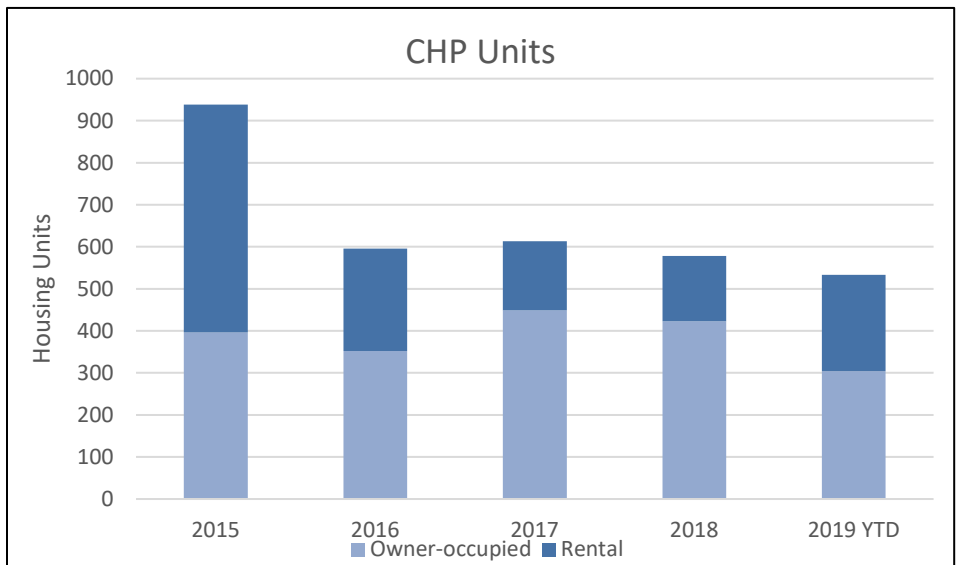
advances have fallen nearly \$68 million from December 31, 2016 to August 31, 2019 as shown in the graph above. Outstanding advances as a percentage of total advances has likewise fallen from 4.94 percent in 2012 to 2.96 percent year to date. CHP/CDP advance balances are gradually decreasing. Larger loan pool projects are maturing and being replaced with smaller match-funded projects.

Based on past performance, HCD expects that CHP/CDP advance balances will remain between 1.0 and 2.0 percent of FHLBank’s total assets. For 2020, HCD expects to approve 70 or more CHP/CDP applications from at least 30 different members.

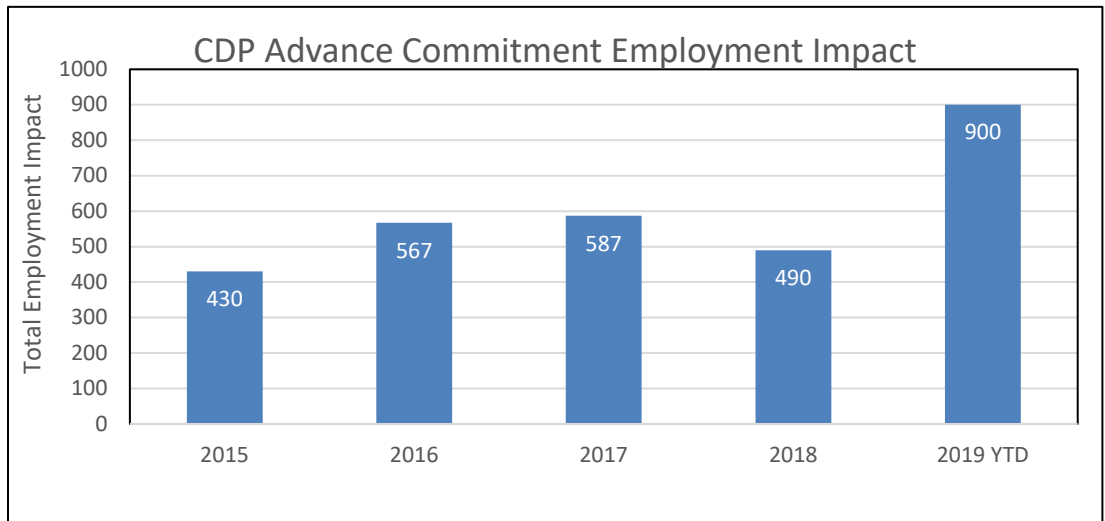
Members utilizing the CHP and CDP are mostly smaller banks. Only one Community Development Financial Institution (CDFI) and one Credit Union have approved applications for CHP or CDP projects through October 21, 2019. The majority of the members with approved projects have total assets less than \$250 million as shown below.



Members continue to positively impact the communities they serve through the use of CHP and CDP funding. From 2016 through October 21, 2019, members have financed between 500 and 600 units of housing through CHP projects. More rental units have been funded in 2019 than in the previous two years. The significant number of rental units funded in 2015 was due to a member funding loan pool projects that consisted of multi-family properties that qualified for CHP funding.



Members also benefit their communities by funding loans that result in the creation or retention of jobs. The employment impact of the CDP has increased over the past five years resulting in 900 jobs created or retained Through October 21, 2019.



The employment impact is mostly through the retention of existing jobs by the projects funded with CDP.

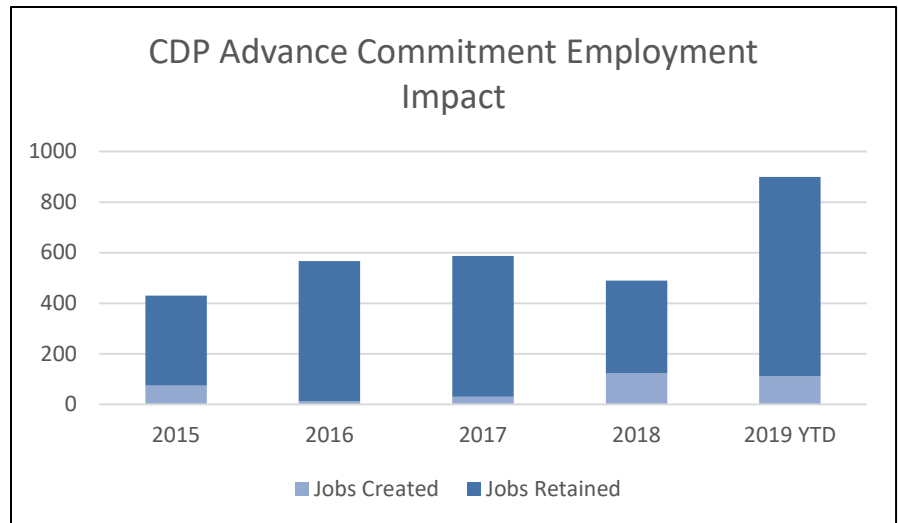


EXHIBIT B

Community Housing Program (CHP) Advances

The CHP is a special advance program authorized by 12 C.F.R. Part 1292 (the CICA regulations). The CHP provides wholesale loans (advances) priced below FHLBank's regular advance rates to help members finance owner-occupied and rental housing in their communities.

PROGRAM OBJECTIVE

To finance the construction, purchase, rehabilitation or refinance of owner-occupied and rental housing occupied by or affordable to households earning up to 115 percent of area median income (AMI).

COMMON USES

- Financing construction, rehabilitation, or purchase, or to refinancing existing loans;
- Purchasing a participation interest, or providing financing to participate, in a loan consortium for CHP-eligible housing projects;
- Making loans to entities that, in turn, make loans for CHP-eligible housing projects;
- Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CHP;
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CHP; and
- Purchasing Low-Income Housing Tax Credits.

TERMS AND CONDITIONS

CHP Advance Products

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Required Documents

A complete CHP application, including identified loan(s), must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application prior to approval to ensure the following: identified loan(s) match project type, are consistent with program requirements, and do not include loan(s) to individuals or entities listed on FHLBank's Suspended Counterparty List. Projects involving refinancing of loan(s) previously funded with the CHP may not be combined with new loan(s) or projects. The application review is not a competitive process or subject to limits on the amount of funding available. An application may be obtained from FHLBank's website at <http://www.fhlbtopeka.com>.

When completing the application, members may request approval for:

- Previously Originated Loans: Loan(s) must be originated not more than three months prior to the date the advance will be taken. Members must submit copies of the loan(s) at time of application. The project approval will expire three months from the date of the earliest funded loan; or
- Loans Not Previously Originated: The project expiration date will be three months following the project approval date. Members may submit a copy of the project's loan(s), and FHLBank will adjust the project expiration date to three months from the earliest-funded loan origination date.

In the event that a member must provide either a substitution or additional note(s) to ensure project compliance, the substitution or additional note(s) will be accepted only after submission to and approval by the HCD department.

Limitations

Members must comply with FHLBank's credit procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CHP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CHP advances for their own benefit. The minimum amount of a CHP advance is \$10,000. Members will not be approved for CHP advance funding for any loan secured by property to be used for any marijuana-related business.

FHLBank shall not allow a member that is subject to a restriction by the FHFA of access to long-term advances (greater than one year) to participate in the CHP. This restriction does not apply to CHP applications or funds approved before the date the restriction was imposed.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's AHP, HSP, CHP, and/or CDP.

Advance Draws on Approved CHP Application

Members may request draws on an approved CHP application by contacting the Lending department. Multiple CHP advances may be drawn on a single project for up to the approved CHP application amount. Members are not committed to taking the full approved CHP application amount.

Qualifying Criteria

Single- and multi-family housing projects must meet one of the following CHP income qualifications:

- Owner-occupied units that are or shall be occupied by households with incomes at or below 115 percent of the AMI for a three-plus person household utilizing Mortgage Revenue Bond income limits; or
- At least 51 percent of rental units that are or shall be occupied by households with incomes at or below 115 percent of the AMI for a four-person household utilizing HUD income limits; or
- At least 51 percent of rental units must have rents affordable to households at or below 115 percent of the AMI for a four-person household utilizing HUD income limits. Rent is affordable if it is less than 30 percent of 115 percent of the AMI. For example, a project located in a county for which 115 percent of the AMI equals \$32,000; the maximum CHP-qualified rent is \$800 ($\$32,000 * 30\% / 12 = \800).

Rate

CHP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CHP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CHP advance rate pricing must be applied on the date the advance is issued. CHP pricing cannot be approved for advances obtained by the member prior to approval of the CHP application. Members may establish the customer's loan rate above the CHP rate based on market rates or commitments to their customer.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the program, the interest rates on the outstanding CHP advances may be changed, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Principal and Interest

Normal principal and interest collection applies. For details, refer to the specific advance program.

Term

CHP advances are available in maturities from four months to 30 years.

Prepayment Option

Normal prepayment fees will apply to CHP advances. For details, refer to the specific advance program.

Collateral

CHP advances must be fully collateralized at the date of issuance and at all times thereafter. Refer to the Collateral Guidelines section of the Member Products and Services Guide for more information.

Documentation

FHLBank requires members to certify that each project funded under the CHP meets the respective targeting requirements of the CHP. Such certification shall include a description of how the project meets the requirements, and where appropriate, a statistical summary or list of incomes of the borrowers or rents for the project. For CHP-funded projects receiving funds from another targeted Federal economic development program that has income targeting requirements that are the same as, or more restrictive than, the targeting requirements of the applicable CHP, FHLBank shall permit the member to certify that compliance with the criteria of such Federal economic development program shall meet the requirements of the respective CHP.

Availability

Members should allow 48 hours for processing a complete CHP application. Provided an approved CHP application is on file, CHP advances may be requested until 4 p.m. CT.

What to Expect after Applying for CHP

- 1) The HCD department will review the proposed project to be funded with a CHP advance and, if necessary, request follow-up information or documentation.
- 2) Following approval of the CHP application, HCD staff will send the member a letter authorizing advances to be drawn on the approved CHP application based on the agreed upon conditions. FHLBank's Lending department will be notified that the member has an approved CHP project on file.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CHP project and must indicate the advance request is for an approved CHP project.
- 4) Within 60 days of drawing on an approved CHP-funded rental project, the member must provide a copy of the note(s) that document(s) the proceeds of the advance were used for the approved CHP project.
- 5) HCD will review the member's loan documentation to ensure it is consistent with the approved application, is consistent with program requirements, and funds were not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

EXHIBIT C

Community Development Program (CDP) Advances

The CDP is a special advance program authorized by the CICA regulations. The CDP is designed to increase members' involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. The CDP provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve.

PROGRAM OBJECTIVE

To finance commercial, agricultural, economic development and community development initiatives.

COMMON USES

- Financing construction, rehabilitation, or purchase, or refinancing existing loans;
- Purchasing a participation interest, or providing financing to participate, in a loan consortium for CDP - eligible projects;
- Making loans to entities that, in turn, make loans for CDP-eligible projects;
- Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CDP; and
- Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CDP.

TERMS AND CONDITIONS

CDP Advance Products

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Required Documents

A complete CDP application, including identified loan(s), must be submitted to FHLBank's HCD department for confirmation of eligibility. The HCD department will review the member's application prior to approval to ensure the following: identified loan(s) match project type, are consistent with program requirements, and do not include loan(s) to individuals or entities listed on FHLBank's Suspended Counterparty List. Projects involving refinancing of loan(s) previously funded with CDP may not be combined with new loan(s) or projects. The application review is not a competitive process or subject to limits on the amount of funding available. An application may be obtained from FHLBank's website at <http://www.fhlbtopeka.com>.

When completing the application, members may request approval for:

- **Previously Originated Loans:** Loan(s) must be originated not more than three months prior to the date the advance will be taken. Members must submit copies of the loan(s) at time of application. The project approval will expire three months from the date of the earliest funded loan; or
- **Loans Not Previously Originated:** The project expiration date will be three months following the project approval date. Members may submit a copy of the project's loan(s), and FHLBank will adjust the project expiration date to three months from the earliest-funded loan origination date.

In the event that a member must provide either a substitution or additional note(s) to ensure project compliance, the substitution or additional note(s) will be accepted only after submission to and approval by the HCD department.

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. The minimum amount of a CDP advance is \$10,000. Members will not be approved for CDP advance funding for any loan(s) secured by property to be used for any marijuana-related business.

FHLBank shall not allow a member that is subject to a restriction by the FHFA of access to long-term advances (greater than one year) to participate in the CDP. This restriction does not apply to CDP applications or funds approved before the date the restriction was imposed.

Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's AHP, HSP, CHP, and/or CDP.

Advance Draws on Approved CDP Application

Members may request draws on an approved CDP project by contacting the Lending department. Multiple CDP advances may be drawn up to the total amount of approved CDP project amount. Members are not committed to taking the full approved CDP application amount.

CDP Qualifying Criteria

CDP-qualified financing includes loans to small businesses, small farms, small agribusiness, public or private utilities, schools, medical and health facilities, churches, day care centers or for other community and economic development purposes that meet one of the following criteria:

- 1) Loans to firms that meet the U.S. Small Business Administration's (SBA) definition of a qualified small business concern based on the Table of Small Business Size Standards (available at <http://www.sba.gov>). To qualify, firms cannot exceed the SBA's established general size standards as of the CDP application date. The SBA defines a small business concern as one that is independently owned and operated, is organized for profit; is not dominant in its field on a national level; has a place of business in the United States; and operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on averaged annual receipts over the past three years.
- 2) Financing for businesses or projects located in an **urban area**, i.e., a unit of local government with a population greater than 25,000, with a median income at or below 100 percent of the area median. Median income information for CDP-eligible areas can be accessed by using the address locator available on the Federal Financial Institutions Examination Council (FFIEC) Geocoding System website at <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.
- 3) Financing for businesses, farms, ranches, agribusinesses or projects located in a **rural area**, i.e., a unit of local government with a population less than or equal to 25,000, with a median income at or below 115 percent of the area median. Median income information for CDP-eligible areas can be accessed by using the address locator available on the Federal Financial Institutions Examination Council (FFIEC) Geocoding System website at <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.
- 4) Firms or projects located in a:
 - Federally Declared Disaster Area (Information available at: <http://www.fema.gov/Disasters>)
 - USDA Drought Area (Information available at: www.usda.gov)
 - Indian Area (as defined by the Native American Housing Assistance and Self-Determination Act of 1996 [25 U.S.C. 4101 et seq.], Alaskan Native Village or Native Hawaiian Home Land.)
- 5) Businesses in **urban areas** in which at least 51 percent of the permanent employees of the business earn at or below 100 percent of the AMI.
- 6) Businesses in **rural areas** in which at least 51 percent of the permanent employees of the business earn at or below 115 percent of the AMI.

Rate

CDP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CDP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CDP pricing cannot be approved for advances obtained by the member prior to approval of the CDP application. Members may establish the customer's loan rate above the CDP rate based on market rates or commitments to their customer.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed, as applicable, to (1) the regular fixed advance rate in effect at the time of the original funding; or (2) a rate based on the index, as adjusted based on current interest rates, and the regular pricing spread in effect at the time of the original funding. Members shall be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Principal and Interest

Normal principal and interest collection applies. For details, refer to the specific advance program.

Term

CDP advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee shall apply to CDP advances. For details, refer to the specific advance program.

Collateral

CDP advances must be fully collateralized on the date of issuance and at all times thereafter. Refer to the Collateral Guidelines section of the Member Products and Services Guide for more information.

Documentation

FHLBank requires members to certify that each project funded under the CDP meets the respective targeting requirements of the CDP. Such certification shall include a description of how the project meets the requirements, and where appropriate, salaries of jobs created or retained. For CDP-funded projects receiving funds from another targeted Federal economic development program that has income targeting requirements that are the same as, or more restrictive than, the targeting requirements of the applicable CDP, FHLBank shall permit the member to certify that compliance with the criteria of such Federal economic development program shall meet the requirements of the respective CDP.

Availability

Members should allow 48 hours for processing a complete CDP application. Provided an approved CDP application is on file, CDP advances may be requested until 4 p.m. CT.

What to Expect After Applying for CDP

- 1) The HCD department will review the proposed project to be funded with a CDP advance and, if necessary, request follow-up information or documentation.
- 2) Following approval of the CDP application, HCD staff will send the member a letter authorizing advances to be drawn on the approved CDP application based on the agreed upon conditions. FHLBank's Lending department will be notified that the member has an approved CDP project on file.
- 3) The member must call FHLBank's Lending department at 800.809.2733 to draw on the approved CDP project and must indicate the advance request is for an approved CDP project.
- 4) Within 60 days of drawing on an approved CDP-funded project, the member must provide a copy of the note(s) that document(s) the proceeds of the advance were used for the CDP approved project
- 5) HCD will review the member's loan documentation to ensure it is consistent with the approved project, is consistent with program requirements, and funds were not provided to individuals or entities listed on FHLBank's Suspended Counterparty List.

EXHIBIT D Definitions

Activity Targeted Beneficiaries: Projects that qualify as small businesses.

AHP: Affordable Housing Program

Community Development Program (CDP): Provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve. (See Exhibit B/CDP Qualifying Criteria for a list of CDP qualifying criteria.)

Community Housing Program (CHP): Provides members with wholesale loans (advances) priced below FHLBank's regular rates to help members finance owner- and renter-occupied housing in their communities.

Community Investment Cash Advance (CICA) Program: FHLBank's Affordable Housing Program (AHP), CHP and CDP.

Community Investment Program (CIP): Program to provide financing for housing projects and for eligible targeted community lending at the appropriate targeted income levels. CIP includes FHLBank's CHP and CDP.

Economic development projects:

- (1) Commercial, industrial, manufacturing, social service, and public facility projects and activities; **and**
- (2) Public or private infrastructure projects, such as roads, utilities, and sewers.

Family: One or more persons living in the same dwelling unit.

Finance Agency (FHFA): The Federal Housing Finance Agency is the Federal Home Loan Bank System's regulator.

Geographically Defined Targeted Beneficiaries are:

- (1) A project located in a neighborhood with a median income at or below the targeted income level;
- (2) A project located in an Indian area, as defined by the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 *et seq.*), Alaskan Native Village, or Native Hawaiian Home Land;
- (3) A project located in a federally declared disaster area.

Housing projects: Projects or activities that involve the purchase, construction, rehabilitation or refinancing (subject to § 1292.5(c)) of, or predevelopment financing for:

- (1) Individual owner-occupied housing units, each of which is purchased or owned by a family with an income at or below the targeted income level;
- (2) Projects involving multiple units of owner-occupied housing in which at least 51% of the units are owned or are intended to be purchased by families with incomes at or below the targeted income level;
- (3) Rental housing where at least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; or
- (4) Manufactured housing parks where:
 - At least 51% of the units in the project are occupied by, or the rents are affordable to, families with incomes at or below the targeted income level; **or**
 - The project is located in a neighborhood with a median income at or below the targeted income level.

HUD: U. S. Department of Housing and Urban Development.

Individual Targeted Beneficiaries are:

- (1) 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 the targeted income level; **or**
- (2) 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 the targeted income level.

Median income for the area:

- (1) *Owner-occupied housing projects and economic development projects.* For purposes of owner-occupied housing projects and economic development projects, median income for the area means the applicable median family income:
 - as determined under 26 U.S.C. 143(f) (Mortgage Revenue Bonds) and published by a State agency or instrumentality; **OR**
 - the Federal Financial Institutions Examination Council (FFIEC) Geocoding system which is used to qualify Community Development Program (CDP) projects located in an area where the median area income is at or below the targeted median income.
- (2) *Rental housing projects.* For purposes of rental housing projects, median income for the area means the median income for the area, as published annually by HUD.

Mixed-use Project: A project involving a combination of housing (owner-occupied or rental) and economic development activities.

MSA: Metropolitan Statistical Area as designated by the Office of Management and Budget.

Neighborhood includes:

- (1) A Census tract or Block Numbering Area;
- (2) A unit of local government with a population of 25,000 or less;
- (3) A rural county; or
- (4) A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographic designation that is within the boundary of but does not encompass the entire area of a unit of general local government.

Provide financing means:

- (1) Originating loans;
- (2) Purchasing a participation interest, or providing financing to participate, in a loan consortium for CICA-eligible housing or economic development projects;
- (3) Making loans to entities that, in turn, make loans for CICA-eligible housing or economic development projects;
- (4) Purchasing mortgage revenue bonds or mortgage-backed securities, where all of the loans financed by such bonds and all of the loans backing such securities, respectively, meet the eligibility requirements of the CICA program under which the member or housing associate borrower receives funding;
- (5) Creating or maintaining a secondary market for loans, where all such loans are mortgage loans meeting the eligibility requirements of the CICA program under which the member or housing associate borrower receives funding;
- (6) Originating CICA-eligible loans within 3 months prior to receiving the CICA funding; **and**
- (7) Purchasing low-income housing tax credits.

Rural area includes:

- (1) A unit of general local government with a population of 25,000 or less; or
- (2) An unincorporated area outside an MSA; or
- (3) An unincorporated area within an MSA that qualifies for housing or economic development assistance from the USDA.

Small business: A “small business concern,” as that term is defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration (SBA) under 13 CFR part 121, or any successor provisions. The SBA definition is available at <http://www.sba.gov>.

Targeted community lending: Providing financing for economic development projects for targeted beneficiaries.

Targeted income level includes:

- (1) For rural areas, incomes at or below 115 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard;
- (2) For urban areas, incomes at or below 100 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard;

- (3) For advances provided under CIP:
 - (i) For economic development projects, incomes at or below 80 percent of the median income for the area;
 - (ii) For housing projects, incomes at or below 115 percent of the median income for the area, as adjusted for family size in accordance with the methodology of the applicable area median income standard.

Urban area includes:

- (1) A unit of general local government with a population greater than 25,000; or
- (2) An unincorporated area within an MSA that does not qualify for housing or economic development assistance from the USDA.

USDA: The U. S. Department of Agriculture.