FEDERAL HOME LOAN BANK OF ATLANTA
2011 COMMUNITY LENDING PLAN

Executive Summary

The 2011 Community Lending Plan includes an overview of the major current housing market conditions, a summary of the feedback received from participants attending the Bank's Economic Development Focus Group session and the strategic initiatives and quantitative goals for 2011.

Housing market condition indicators showed mixed signs within the Bank's district during 2010. Single-family home construction increased slightly compared to the 2009 with the biggest gains coming from Maryland, Virginia and Washington DC. However, multi-family production decreased with the largest declines in the number of permits occurring in Florida, falling by 47%. The Economic Development Focus Group session indicated foreclosure vacancies, lack of capital and the rise of unemployment are some of the biggest economic challenges in their markets and gap financing and equity capital are difficult to secure

In summary, The Bank's community lending strategic initiatives in 2011 will be:

- Foreclosure Prevention and Recovery
- Comprehensive Loss Mitigation Effort
- Development of a New Suite of Set-Aside Products
- Improved Customer Experience
- CIS Technology Roadmap

Introduction

The Community Investment Cash Advance (CICA) regulation requires that on an annual basis each Federal Home Loan Bank develop a Community Lending Plan ("Plan"). This Community Lending Plan summarizes the Federal Home Loan Bank of Atlanta's ("Bank") recognition of the community lending needs in the Bank's district ("District") and presents the Bank's 2011 strategic initiatives. The Bank's District consists of the states of Alabama, Georgia, Florida, Maryland, North Carolina, South Carolina, Virginia and the District of Columbia.

The Plan consists of three parts. Part 1 provides a summary of the major current housing market conditions and activities in the Bank's district. Part 2 provides a summary of the feedback from an Economic Development Focus Group held at the Bank for the purpose of providing insight on the unmet economic development credit needs in the Bank's district. Part 3 outlines the Bank's Community Lending Plan strategic initiatives and quantitative performance goals for 2011.

Part 1: Housing Market Conditions

The Bank collects data and/or conducts research in the District to identify opportunities for members to increase the availability of affordable housing and community development finance in underserved neighborhoods and communities. The data collection and research may involve the Bank's consultation with its members, housing developers, the Bank's Affordable Housing Advisory Council and public and private housing and economic development organizations within the District.

The Bank also utilizes both primary and secondary sources of data and research. Primary sources include workshops, surveys, focus groups, "in-market" feedback sessions and direct observations. Secondary sources involve reviewing research and analysis published by other entities.

In addition to the above-referenced data collection and research activities, the Bank used the following sources to assess the current housing market conditions and activities: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Fannie Mae, U. S. Department of Housing and Urban Development, Federal Reserve Bank of Atlanta, Joint Center for Housing Studies of Harvard University, Knowledge Plex, National Association of Home Builders, National Association of Realtors, National Housing Conference, Realty Trac, Reis, Inc. and the Urban Institute.

Housing Production

Housing production indicators were mixed throughout most of 2010. According to HUD's Office of Policy Development and Research, new single-family home construction has begun to increase in the District, but lack of financing continues to hamper the development of multi-family rental units. In the District, during the 12-month period ending June 2010 (the most recent reporting period), single-family homebuilding activity, as measured by the number of permits issued, increased by 6,800 homes, or 6%, to 114,100 homes, based on preliminary data. Current single-family homebuilding activity is significantly below the average of 467,600 homes permitted from 2003 through 2006. Florida experienced the largest percentage increase in the number of permits issued for single-family homes, increasing by 3,600 homes, or 13%.

During the 12 months ending June 2010, the number of multifamily units permitted decreased by 43%, to approximately 27,000 units, with declines in each state in the District. Fewer units were permitted in 2009 than in any other year during the past three decades. During the past 12 months, the largest decline in the number of multifamily units permitted in the region occurred in Florida, falling by 6,725 units, or 47%, to 7,500 units.

Single-Family Home Sales

HUD's Office of Policy Development and Research reports the single-family home sales market conditions throughout the District are generally soft due to homebuilding exceeding demand from 2003 through 2006 and significant job losses during the past two years. Although some local housing markets recorded increases in the number of homes sold during the 12 months ending June 2010, the large number of home mortgages in default put downward pressure on sales prices in many housing markets in the region. According to Lender Processing Services Mortgage Performance Data, 12% of home loans in the District were in foreclosure, 90 days or more delinquent or in REO (Real Estate Owned) in June 2010 compared with 10% in June 2009. The percentage of loans in these three categories increased for all states in the region. Florida recorded the highest rate followed by Georgia and Maryland.

During the 12 months ending June 2010, home sales in the District were slightly soft but improved compared with home sales during the same period ending in 2009. Both the number of days that homes stayed on the market and the existing levels of unsold inventory declined during the comparative period. In addition, the extension of the closing date for sales using homebuyer tax credits, lower interest rates, and a continued decline in home prices contributed to increased volume in existing home sales during this period. Maryland posted the largest percent increase in the District, with 55,100 existing homes sold, 28% more than the 43,200 sold during the 12 months ending June 2009, followed by Virginia at 12% and Washington DC at 11% During the first six months 2010 the median sales price of existing single-family homes in the District ranged from an increase of 1% in Washington C to over 3% decreases in Alabama, North Carolina and Georgia, to a 7% decrease in Maryland

Multi-Family Properties Vacancy and Rental Rates

Because of significant reduction in multi-family construction throughout the District during the past two years, apartment vacancy rates have generally declined. According to Reis, Inc., most markets in the District recorded vacancy rates declines between the second quarter of 2009 and the second quarter of 2010. The rental markets in South Carolina recorded the largest decreases in vacancy rates during the past 12 months. During the second quarter of 2010, the vacancy rates fell from 13.2% to 11.2% Columbia, SC, from 13.3% to 10.6% in Charleston and from 11.7% to 9.8% in Greenville. The vacancy rate in Atlanta was virtually unchanged during the second quarter of 2010, at 11.4%. Miami recorded a slight increase in the vacancy rate from 5.9% to 6.2% from the second quarter of 2009 to the second quarter of 2010.

During the same period, average rents decreased in 9 of 20 metropolitan areas in the District. Rents in Orlando and Atlanta had the largest declines; rents fell by approximately 2% in each area to $863 and $841, respectively. Average rents in the metropolitan areas with rent growth increased by approximately 1% or less between the second quarter of 2009 and the second quarter of 2010.

Government Foreclosure Recovery Funding

HUD awarded on September 1, 2010, an additional $1 billion in funding to all states along with a number of counties and local communities struggling to reverse the effects of the foreclosure crisis. The grants represent a third round of funding through the HUD Neighborhood Stabilization Program (NSP3) and will provide targeted emergency assistance to state and local governments to acquire, redevelop or demolish foreclosed properties.

The funds will support local efforts to reverse the effects these foreclosed properties have on their surrounding neighborhoods. The funding announced is provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act. To date, there have been two earlier rounds of NSP funding: the *Housing and Economic Recovery Act of 2008* (HERA) provided $3.92 billion and the *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated an additional $2 billion. Similar to those earlier rounds of NSP grants, targeted funds will be used to purchase foreclosed homes at a discount and to rehabilitate or redevelop them in order to respond to rising foreclosures and falling home values.

State and local governments can use NSP grants to acquire land and property; to demolish or rehabilitate abandoned properties; and/or to offer down payment and closing cost assistance to low- to moderate-income homebuyers (household incomes not exceed 120 % of area median income). In addition, State and local governments can create "land banks" to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property.

The grant allocations for the states within the District are as follows:

State	NSP3 Grant
Alabama	$7,576,151
DC	$5,000,000
Florida	$208,437,144
Georgia	$50,421,988
Maryland	$6,802,242
North Carolina	$5,000,000
South Carolina	$5,615,020
Virginia	$6,254,970

Part 2: Economic Development Industry Focus Group

On September 1, 2010, The Federal Home Loan Bank of Atlanta held an economic development industry focus group session. The fourteen participants of the focus group included a cross section of private and non-profit developers, community development financial institutions, trade associations and other end users for the purpose of providing insight on the unmet economic development credit needs in their market. Specifically, the focus group was designed to help inform the Federal Housing Finance Agency as it considers possible changes to the Community Investment Cash Advance (CICA) regulations, which govern the FHLBanks' economic development financing.

The following is a summary of the results of the September 1, 2010, Focus Group:

What are the biggest economic problems your market has faced in the past two years?

- Foreclosure vacancies
- Lack of capital in all markets, both urban and rural
- Rise in unemployment
- General financial industry problems
- Financial institutions not able/willing to get involved in complicated economic development deals that include government programs and other layers of financing
- State and local budget deficits
- Lack of mobility because of inability to sell home
- Lack of mortgage products available for low/moderate income borrowers
- Mismatch between location of jobs and location of affordable housing
- Rise in infrastructure costs and related fees

What are some possible solutions and/or areas of focus?

- Policies and financial products that support development stimulated by "climate change" initiatives including green, sustainable industries such as ecotourism and agribusiness
- Financial products that support the retrofitting of aging housing stock
- Successful economic development requires planning and a high level of integration with all of the public and private stakeholders
- Integrated models that include consideration of jobs, transportation, housing, environment, and health concerns
- Focus on urban cores and the need to revitalize distressed areas in urban communities
- Mixed-use development and adaptive re-use of existing buildings
- Financial institutions must locate and become competitive in markets and neighborhoods where residents have access only to check-cashing and title-loan companies

What are the unmet business credit demands in your market?

- Real estate
- Working capital for small business
  - Small business loans
  - Lines of credit
  - Equipment
  - Refinancing of small business loans

What is the most difficult portion of an economic development funding package your organization to obtain?

- Gap financing/subordinate financing
- Equity capital
- Permanent capital/debt is hard to find for housing
- Permanent financing for NMTC deals - 7 year debt

Part 3: Strategic Initiatives and Goals for Year 2011

The Bank's community lending initiatives in 2011 will be:

- Foreclosure Prevention and Recovery Support
- Comprehensive Loss Mitigation Effort
- Development of a New Suite of Set-Aside Products
- Improve Customer Experience
- CIS Technology Roadmap

Foreclosure Prevention and Recovery Support

Based on the current market conditions results indicating the District continues to experience a proportionately higher trend in foreclosure actions than the nation overall, the Bank will continue its focus on supporting foreclosure prevention and recovery efforts in 2011. The Bank's support will occur through a variety of strategies and tactics.

AHP Loss Mitigation

Due to the increasing delinquency and default rates within the District, a primary area of focus for the Bank in 2011 will be the refinement and implementation of a comprehensive Loss Mitigation Plan for AHP-enhanced projects. The objective is to maximize settlement recoveries through the adoption of risk management and loan recovery best practices.

Develop New Suite of Set-Aside Products

The market analysis outcomes and insights will be used as a basis to explore and identify any potential critical gaps in the current CIS product portfolio and other areas where the Bank can fully leverage its investments and resources to achieve its housing finance mission.

Improve Customer Experience

Develop, design and implement a customer service strategy to improve the user experience to drive member/sponsor loyalty, preference and retention.

CIS Technology Roadmap

Develop a three year vision and plan to meet the technology and automation needs of the community investment services functions of the Bank by establishing a set of guiding principles, leveraging industry best practices, risk management identification and control, while emphasizing process automation improvement and innovation.

Quantitative Performance Goals

In addition to the Bank's community lending initiatives described above, the Bank will also focus on the following quantitative goals for 2011:

1) Conduct eight "in-market" member/sponsor outreach workshops throughout the district to increase participation in AHP and FHP.
2) Sponsor eight foreclosure prevention/recovery collaborative seminars (coalitions or taskforces) across the district.
3) Enroll ten new first time members or project sponsors in AHP/FHP 2011 competitive application round.
4) Host twenty-five technical assistance webinars/conference calls to enhance current and potential users understanding of programs requirements and benefits.