



No. 2000-38

Date: September 19, 2000

## FEDERAL HOUSING FINANCE BOARD

### Approval of Targeted Beneficiaries For Federal Home Loan Bank of Dallas' Proposed Community Investment Cash Advance Water and Wastewater Infrastructure Program

WHEREAS, section 952.5(a)(3) of the Federal Housing Finance Board (Finance Board) Community Investment Cash Advance (CICA) regulation provides that each Federal Home Loan Bank (Bank) may offer Rural Development Advance programs or Urban Development Advance programs, or both, for targeted community lending using the targeted beneficiaries or targeted income levels specified in section 952.3 of the regulation, without prior Finance Board approval (12 C.F.R. § 952.5(a)(3)); and

WHEREAS, section 952.3 of the CICA regulation lists specific types of projects that would qualify as Individual Beneficiaries or Activity Beneficiaries, and specific neighborhoods or areas in which projects so located would qualify as Geographically Defined Beneficiaries, which do not require prior Finance Board approval (12 C.F.R. § 952.3); and

WHEREAS, paragraph (4) of the definition of "targeted beneficiaries" in section 952.3 of the CICA regulation provides that a Bank may designate, with the prior approval of the Finance Board, other targeted beneficiaries for its targeted community lending (12 C.F.R. § 952.3), and section 952.5(a)(4) of the CICA regulation provides that each Bank may offer CICA programs for targeted community lending using targeted beneficiaries and targeted income levels other than those specified in section 952.3 of the regulation, established by the Bank with the prior approval of the Finance Board (12 C.F.R. § 952.5(a)(4)); and

WHEREAS, the Southwest Border Region, as defined in Sec. 4(b) of Executive Order No. 13122 (Interagency Task Force on the Economic Development of the Southwest Border) (May 25, 1999), 64 Fed. Reg. 29201, and the Lower Mississippi Delta Region, as defined in Pub. L. 100-460, 102 Stat. 2229 (Oct. 1, 1988) (incorporating by reference the provisions of 42 U.S.C. § 3121 note), which together encompass portions of 11 states, with 5 of those states located in the Federal Home Loan Bank of Dallas' (Dallas Bank) district, have been designated as regions with special economic development needs; and

WHEREAS, the Dallas Bank has indicated that its 1999 Community Credit Needs Assessment revealed that a lack of adequate quality water and wastewater infrastructure has presented the greatest obstacle to community and economic development in the Dallas Bank's district, and that federal and state loan and grant programs for such projects are greatly oversubscribed; and

WHEREAS, by letter dated September 15, 2000 (and accompanying attachments), the Dallas Bank has proposed to establish a CICA program pursuant to the CICA regulation, under which the Bank would provide subsidized advances through members to water and wastewater infrastructure projects located in the Southwest Border Region and Lower Mississippi Delta Region; and

WHEREAS, the Dallas Bank believes that their proposed CICA program will complement the Administration's Water 2000 Initiative in the two Regions; and

WHEREAS, the Dallas Bank maintains that such water and wastewater infrastructure projects, by virtue of being located in these two Regions designated as having special economic development needs, should be treated, *per se*, as targeted beneficiaries under the CICA regulation, and that it would be unnecessarily burdensome and wasteful of Dallas Bank resources to require review, on a case-by-case basis, of each project requesting advances to determine whether the project qualifies as one of the types of targeted beneficiaries listed in section 952.3 of the CICA regulation, and to require Finance Board approval for each project that does not so qualify, under sections 952.3 or 952.5(a)(4) of the CICA regulation (12 C.F.R. §§ 952.3 and 952.5(a)(4)); and

WHEREAS, the Dallas Bank, therefore, has requested Finance Board approval, pursuant to section 907.3 of the Finance Board's Procedures regulation (12 C.F.R. § 907.3), to treat all water and wastewater infrastructure projects located in the two Regions that request advances under the Bank's proposed CICA program, as targeted beneficiaries under section 952.5(a)(4) of the CICA regulation (12 C.F.R. § 952.5(a)(4)); and

WHEREAS, Finance Board staff has reviewed the Dallas Bank's submission and, for the reasons cited above, has recommended that the Finance Board approve the Dallas Bank's request;

NOW, THEREFORE, IT IS RESOLVED that, based on the information provided by the Dallas Bank, for the reasons cited above, and limited solely to those facts, the Board of Directors of the Finance Board hereby approves the Dallas Bank's request to treat all water and wastewater infrastructure projects located in the Southwest Border Region and Lower Mississippi Delta Region, as defined above, that may request advances under the Bank's CICA program, as targeted beneficiaries under section 952.3 (par. (4) of definition of "targeted beneficiaries") and section 952.5(a)(4) of the CICA regulation (12 C.F.R. §§ 952.3 and 952.5(a)(4)).

By the Board of Directors of the  
Federal Housing Finance Board

*/s/ William C. Apgar*

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William C. Apgar  
HUD Secretary's Designee to the Board