

2018 COMMUNITY LENDING PLAN



I. Community Lending Plan

12 CFR 1290.6 of the Community Investment Cash Assistance (CICA) portion of the Federal Housing Finance Agency (FHFA) regulations obligates each Federal Home Loan Bank to develop an annual Targeted Community Lending Plan (Plan) for approval by its Board of Directors.

12 CFR 1292.6 requires that the Plan be provided to the FHFA on or before January 31.

The purpose of the Plan is to describe how the Federal Home Loan Bank of Des Moines (Bank) will address the unmet credit needs and market opportunities for targeted community lending in its district. To satisfy this requirement the Bank:

- Conducts market research
- Consults with its Advisory Council (AC), financial institution members, housing associates, and public and private community and economic development organizations
- Establishes quantitative performance goals

In order to encourage members to increase their community and economic development lending, the Bank sponsors the Strong Communities Award Competition. For 2018, Bank members will nominate a small business, community development, or economic development project for this competition. Two winners, one representing a rural project and a second representing an urban project, will be selected through a public voting process. Each winner will receive an award of \$15,000, the purpose of which is to highlight the project's impact on strengthening the vitality of the community in which it is located. A project's competitiveness is subject to the following considerations:

- Impact - The project identified economic development needs of the community and provided a solution.
- Results - The project demonstrated specific economic development benefits to its community.
- Collaboration - The project included financial or human contributions from a FHLB Des Moines member.

II. Market Research

In 2018, the Bank will gain insight into unmet credit needs and market opportunities for targeted community lending needs through regional member meetings and the Bank's AC will also provide insight to be gained by meeting in four locations around the Bank's district

Importantly, members of the FHLB Des Moines' Advisory Council, which is comprised of leaders from community and not-for-profit organizations actively involved in providing or promoting low- and moderate-income housing and community lending, regularly contribute their knowledge and expertise to the Bank's understanding of and responses to its district's affordable housing and community investment needs.

Additionally, the FHLB Des Moines' leadership for and participation in the local and regional housing, economic development, community development, and lending conferences also inform its understanding of the unmet credit needs in its district, and provide important context for how to best structure its community investment products to support our members' activities for meeting those needs.

The Bank also will review a variety of housing studies.

III. 2018 Targeted Community Lending

The Bank will respond to identified credit needs and market opportunities for targeted community lending by making its Community Investment Advances (CIA) available at the Bank's cost of funds, plus a modest markup to cover its administrative expenses. In 2018, the Bank's target for CIA advances will be \$400 million in two programs:

1. Residential Lending Advance (RLA) – the minimum RLA advance amount is \$100,000 for qualifying owner-occupied and rental housing projects meeting the requirements of 12 CFR 1292.
2. Commercial Lending Advance (CLA) – the minimum CLA advance amount is \$25,000 for qualifying economic development projects meeting the requirements of 12 CFR 1292.

The maximum outstanding CIA advance amount per member is \$10 million. All CIA advances are available for terms of one year to 30 years.

In addition, members will be eligible for RLA and CLA for loans located in a federally declared disaster area and originated within 18 months of the disaster declaration. The Bank's president or the president's designee may waive the member cap for RLA or CLA projects located in federal disaster areas to allow the rebuilding of communities affected by such disasters. The Bank reserves the right to cap the amount of CIA advances to any single member for use in a federal disaster area.

IV. 2018 Member and Community Outreach

The Bank will continue to sponsor and participate in conferences, workshops, and events that support the Bank's housing finance and community and economic development mission.

V. 2018 Quantitative Performance Goals

The FHLB Des Moines will:

- Approve Residential Lending Advances up to \$200 million
- Approve Commercial Lending Advances up to \$200 million

- Participate in and/or support 10 community lending conferences and workshops
- Promote the use of Community Financial Institution collateral
- Promote business opportunities with existing and prospective housing associates
- Promote business opportunities with existing and prospective Community Development Financial Institution (CDFI) members