



20 Years

A Community Dividend

FHLBank Atlanta • Affordable Housing Advisory Council 2009 Annual Report



Supporting Affordable Housing and Economic Development



FHLBank Atlanta's Community Dividend

A unique service offering to
member financial institutions

Each year at least 10 percent of the Bank's net earnings is invested into affordable housing, first-time homeownership, and community economic development. These are private funds that provide a public benefit, leveraging other sources of funding to produce housing, jobs, and local tax revenues. While providing valuable funding to communities, this dividend also helps members extend credit and achieve their business development goals.

FHLBank Atlanta's
Community Dividend

Affordable
Housing
Program

Small Business
Growth

Affordable
Housing

Economic
Development
Program

Community
Investment
Program

Job
Creation

Higher Tax
Revenues

First-time
Homebuyer
Program

2009 Community Dividend at Work

Affordable Housing Program

\$40 million in new awards to construct and redevelop **3,384 affordable homes**

First-time Homebuyer Program

\$9.5 million in new awards to support **1,019 first-time buyers**

Community Investment Program

\$207.8 million in new advances to support **affordable housing**

Economic Development Program

\$1.8 million in new advances to facilitate **local economic growth**



Leonard S. Vaughan · Chair, Affordable Housing Advisory Council

FHLBank Atlanta performed its mission with foresight and focus through another year of economic uncertainty. Rising unemployment and home foreclosures continued to inflict hardship on families and harm previously thriving communities. While real estate values may have begun to stabilize and many economists believe the recession is over, millions of people remain jobless or struggle with excessive debt. To combat these issues, the Bank's member financial institutions and their for-profit and nonprofit customers accessed funding to finance neighborhood stabilization, encourage purchases of homes, and promote the development of decent, affordable housing for very low- to moderate-income families and individuals.

We believe the affordable funding the Bank delivers through its community investment products and services constitutes a "community dividend." The community dividend is a direct result of the strong financial results generated by the Bank's advance lending business, and it has served as a consistent source of funds for stimulating affordable housing and economic development in the Southeast for 20 years. The Bank delivers the community dividend through flexible products and services, such as the Affordable Housing Program (AHP), which leverage other funding sources to produce and support housing, jobs, and municipal tax bases. For two decades, this "dividend" has provided dependable value to the Bank's partners through all business cycles, and has been especially important in these most trying of economic times.

Results from the Affordable Housing Program

The AHP is the cornerstone of the Bank's community dividend. Last year marked the twentieth anniversary of the Bank's AHP, which has awarded \$407.5 million to help build or rehabilitate more than 63,000 affordable housing units.

As part of its 2009 AHP competitive offering, the Bank approved \$40 million in new AHP awards. This funding, once disbursed, will support construction and rehabilitation of 3,384 affordable units and help stimulate more than \$514 million in housing development and

rehabilitation. Notably, the Bank awarded more than \$8 million to 15 projects identified as “foreclosure recovery” projects, reflecting the Bank’s goal of positioning AHP to assist in resolving one of the consequences of the weak housing market.

In addition, in 2009 the Bank disbursed previously-approved funding of \$37 million to projects that were completed or reached required milestones – the largest amount the Bank has ever disbursed in a single year. This record demonstrates the effectiveness of operations as well as recent programmatic changes designed to ensure AHP dollars quickly enter local economies to create jobs and housing and spur a range of business spending and investment. Because of these changes, AHP recipients are better prepared to deploy the funds they receive from the Bank and thus provide the economic stimulus called for in the current environment.

Results from the First-time Homebuyer Program

The Bank has positioned its First-time Homebuyer Program (FHP) to help support those buyers who could benefit from lower housing prices and absorb excess supply in the market. Recognizing the importance of this goal, the Bank allocated to FHP the maximum allowable amount of AHP funds. We believe that working with well-qualified, well-counseled buyers is critical to stabilizing real estate values and supporting a sustained economic recovery. By providing down-payment and closing-cost funding to qualified low- and moderate-income families, the FHP effectively addresses this goal.

In 2009, the Bank provided \$9.5 million in FHP funding through member financial institutions to help more than 1,000 households purchase a home. This offering was fully allocated in a mere four months, signaling the intense demand for these funds. Members originated new mortgages valued at more than \$136 million, underscoring the catalyst that FHP serves in helping members fund new, profitable business in a challenging environment.

AHP and FHP are managed in an environment in which risk management, quality control, and strong governance are paramount. The Bank has extensive controls to ensure accountability and fairness in the awarding and disbursement of AHP and FHP funds. Because of this sound management and unique capability to address market needs as they arise, AHP and FHP stand out as pillars of excellence in the community development industry.

Community Investment Program and Economic Development Program

In addition to AHP and FHP, the Bank’s two reduced-rate advance products continue to provide value in supporting affordable residential mortgages, affordable housing construction, and community development. In 2009, members borrowed \$207.8 million in Community Investment Program advances to finance single- and multi-family affordable rental and homeownership properties that benefit low- to moderate-income households.

Members also borrowed \$1.8 million in advances through the Economic Development Program to fund business loans, support infrastructure projects, and help communities foster and attract industry. These investments bolster small businesses and create employment opportunities in communities.

The Bank's funding is essential to economic growth in the Southeast, and it will be a fundamental source of financial support to sustain a long-term recovery in the housing market and the broader economy. The value of this funding, however, is not limited to housing built and rehabilitated or new homebuyers assisted. Through its programs, the Bank has helped create thousands of jobs and billions of dollars in personal earnings and local tax revenues. These outputs were recently documented in a research report entitled "Beyond Units: Economic Benefits of Federal Home Loan Bank of Atlanta's Affordable Housing Program" produced by The Hendrickson Company and The Shimberg Center for Housing Studies, University of Florida. The Bank commissioned this report to quantify the broader economic impact of the AHP, which is just one of the Bank's community investment products. The impressive and compelling results are summarized later in this annual report.

The Bank's members and the community developers they partner with are the keys to driving these outstanding results. Together, they represent the vital channel that delivers this funding to communities and creates opportunities for better housing, better jobs, and a better quality of life. We look forward to strengthening our partnership with these organizations in 2010.



Leonard S. Vaughan

Chair, FHLBank Atlanta Affordable Housing Advisory Council



Richard A. Dorfman

President and Chief Executive Officer

Community Dividend

FHLBank Atlanta's community dividend is a unique approach to delivering funding to member financial institutions for affordable housing and community economic development. The community dividend comprises an array of products and services that are designed to meet the different needs of members and their customers.

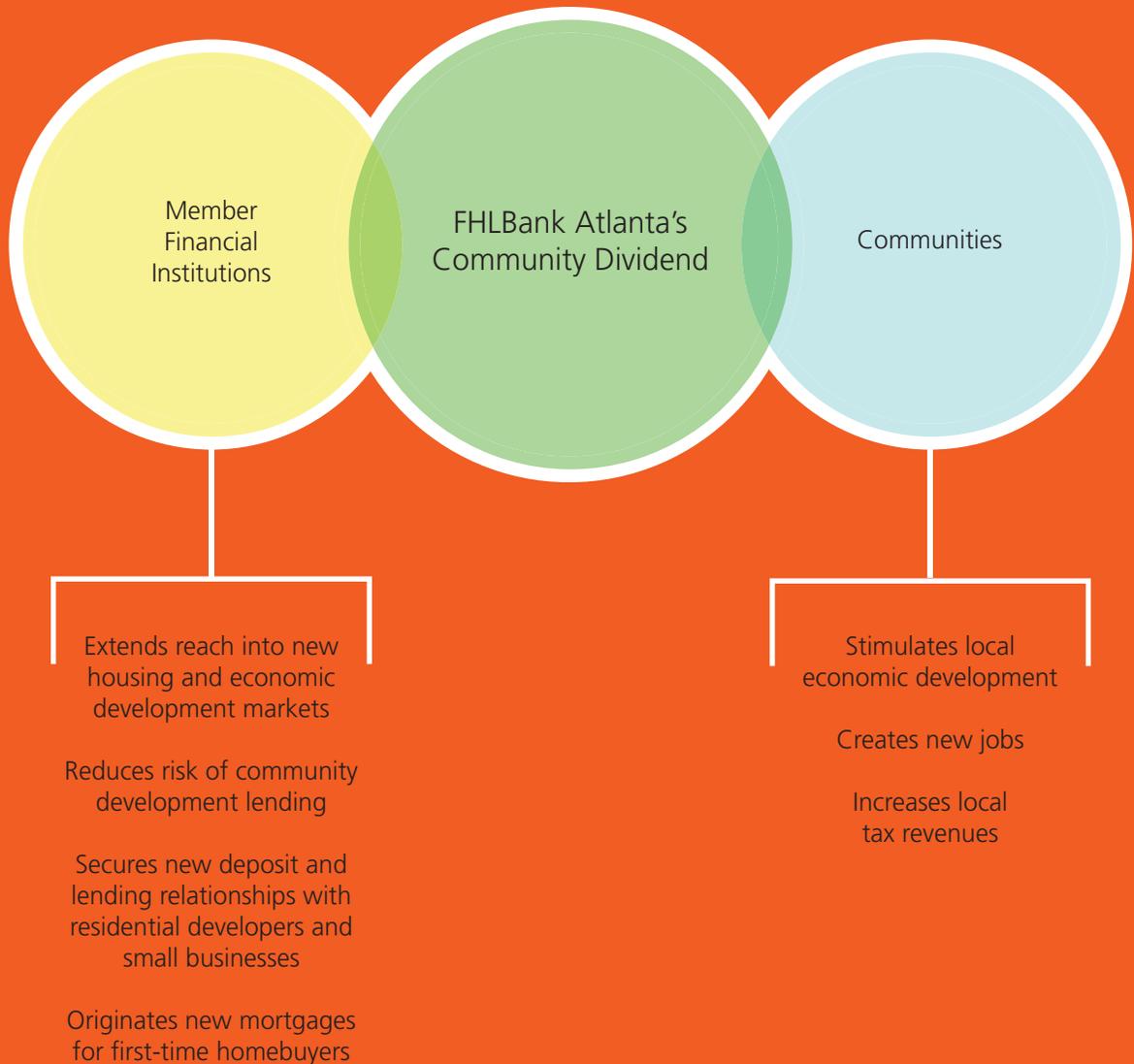
These products include the Affordable Housing Program and Community Investment Program, which provide direct subsidies and reduced-rate loans to support affordable rental and owner-occupied housing development; the First-time Homebuyer Program, which offers down-payment assistance to first-time homebuyers; and the Economic Development Program, which provides low-cost loans to support economic growth in moderate- and low-income communities.

No other provider of financial liquidity pays this community dividend. The FHLBank System as a whole, in fact, is the largest single source of private funding for affordable residential development in the United States. Each FHLBank annually reinvests at least 10 percent of its earnings into affordable housing and economic development projects.

Like every dividend, the Bank's community dividend is predicated on earnings. The success of our primary business of providing affordable funding to members in the form of advances directly drives the amount and availability of the community dividend. The Bank's success in delivering this dividend also is due to the efficiency of the Bank's operations, the quality of the Bank's governance, and the strength of its risk management capabilities.

Value to Members and Their Communities

Members and the communities they serve derive value from the Bank's community dividend in a number of important ways.

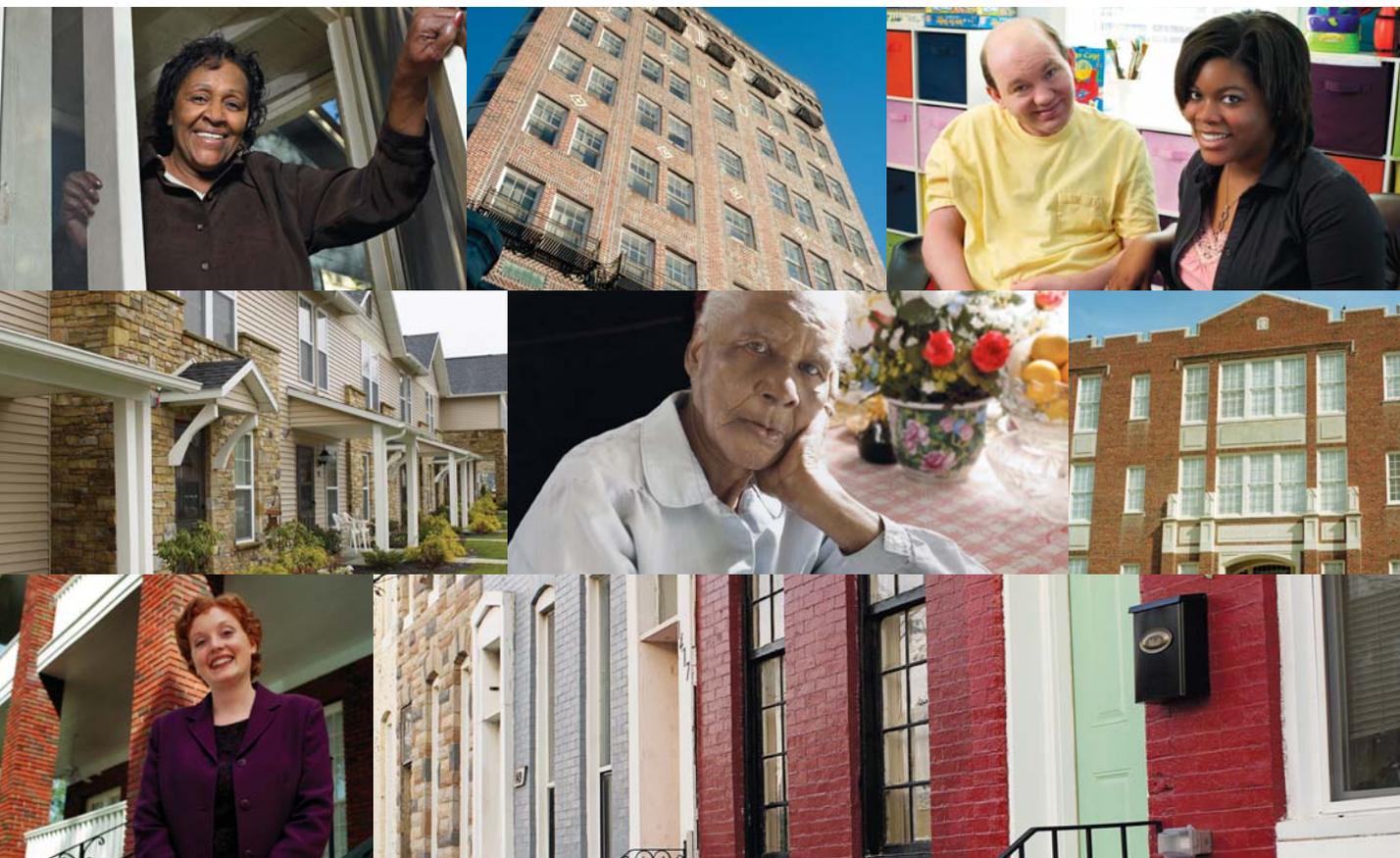




\$1 million
in AHP funding

=

\$14.3 million*
in housing development



Affordable Housing Program: Stimulating Economic Growth for 20 Years

The Bank's Affordable Housing Program is the core of its community dividend. In the 20 years since the program's inception, the Bank has awarded more than \$407.5 million to support the construction or preservation of more than 63,000 affordable housing units.

Leveraging AHP Dollars

Funding from the AHP typically makes up only a small percentage of the total financing involved in developing affordable housing. Developers leverage AHP dollars with equity, conventional loans, and other private and public subsidies to complete project financing. Yet, AHP funding often serves as the critical gap funding that makes deals viable, keeps properties affordable, and enables developers to attract and secure other financing.

Because of the efficiency of this leveraging, a relatively small investment of AHP funding has resulted in an exponentially higher value of new housing developed.

* **Source:** "Beyond Units: Economic Benefits of Federal Home Loan Bank of Atlanta's Affordable Housing Program" by The Hendrickson Company and The Shimberg Center for Housing Studies, University of Florida

The Multiplier Effect

This investment in housing has had a significant, positive economic effect on communities in the Southeast beyond the number of units built. When housing is built or sold, the total economic impact is much greater than the cost of construction or the sales price of the home. Housing activity generates jobs for construction and maintenance workers as well as fees for professionals such as architects, realtors, and bankers. Those workers use their earnings to make purchases in the community, generating additional economic activity and a multiplier effect resulting from the same dollar of income passing through the economy more than once.

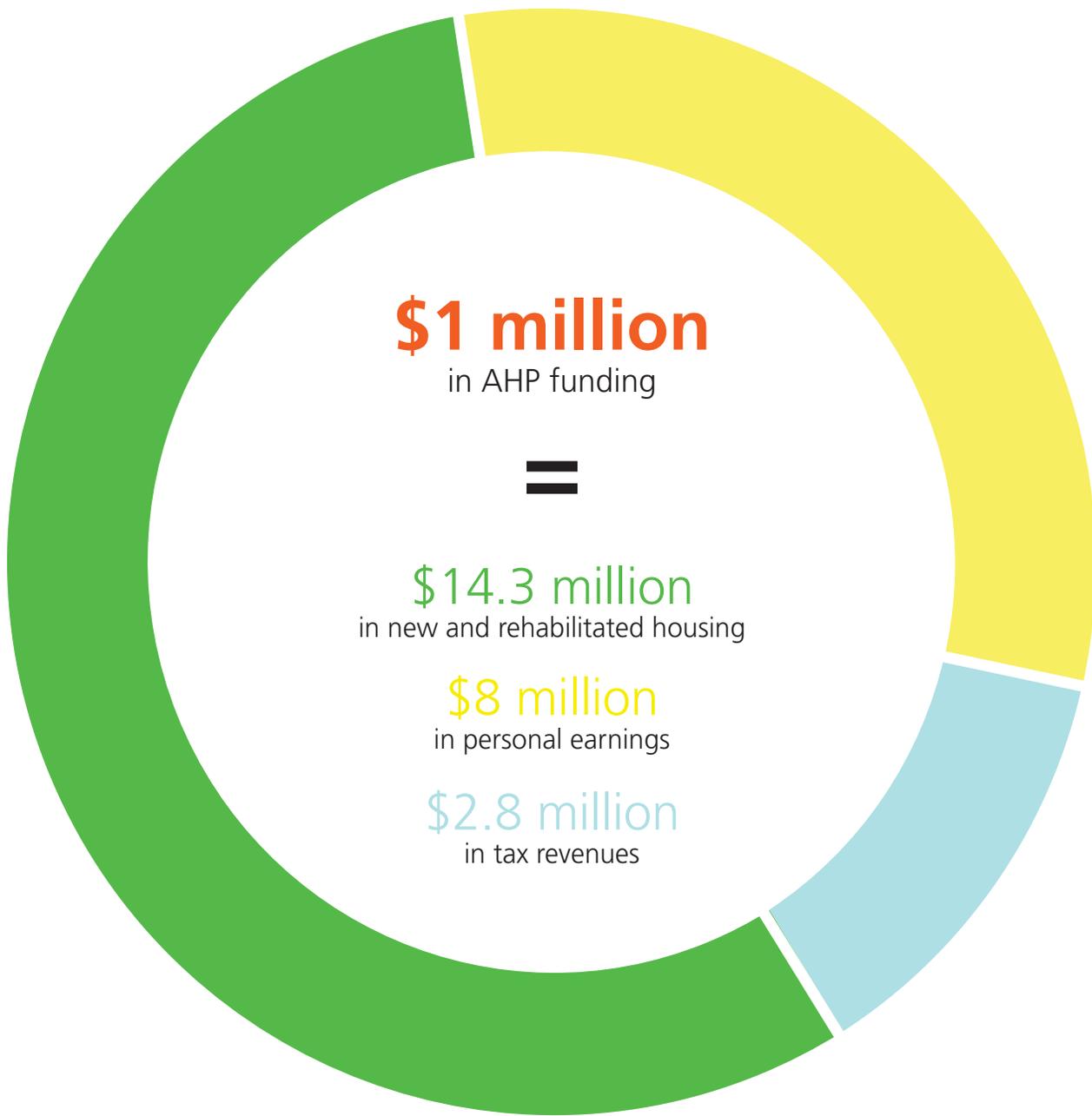
Due to its contribution to housing construction, AHP funding has a significant economic multiplier effect, generating personal income and tax revenue in addition to new investments in housing.

To quantify the economic benefits of the Bank's AHP after it is funded into development, the Bank in 2009 commissioned The Hendrickson Company and The Shimberg Center for Housing Studies at the University of Florida to analyze AHP assisted housing construction and rehabilitation. Their assessment is titled "Beyond Units: Economic Benefits of Federal Home Loan Bank of Atlanta's Affordable Housing Program."

The study analyzes \$290.5 million of the \$407.5 million in AHP that has been awarded over the last 20 years by FHLBank Atlanta and gauges the quantifiable direct and indirect economic benefits generated by the construction and renovation of 55,000 affordable housing units enabled by AHP.

The study found that, in total, a \$290.5 million investment in AHP by the Bank has resulted in \$4.1 billion in housing development, \$2.3 billion in personal earnings, and \$811 million in federal, state, and local taxes.

Source: "Beyond Units: Economic Benefits of Federal Home Loan Bank of Atlanta's Affordable Housing Program" by The Hendrickson Company and The Shimberg Center for Housing Studies, University of Florida



\$1 million

in AHP funding

=

\$14.3 million

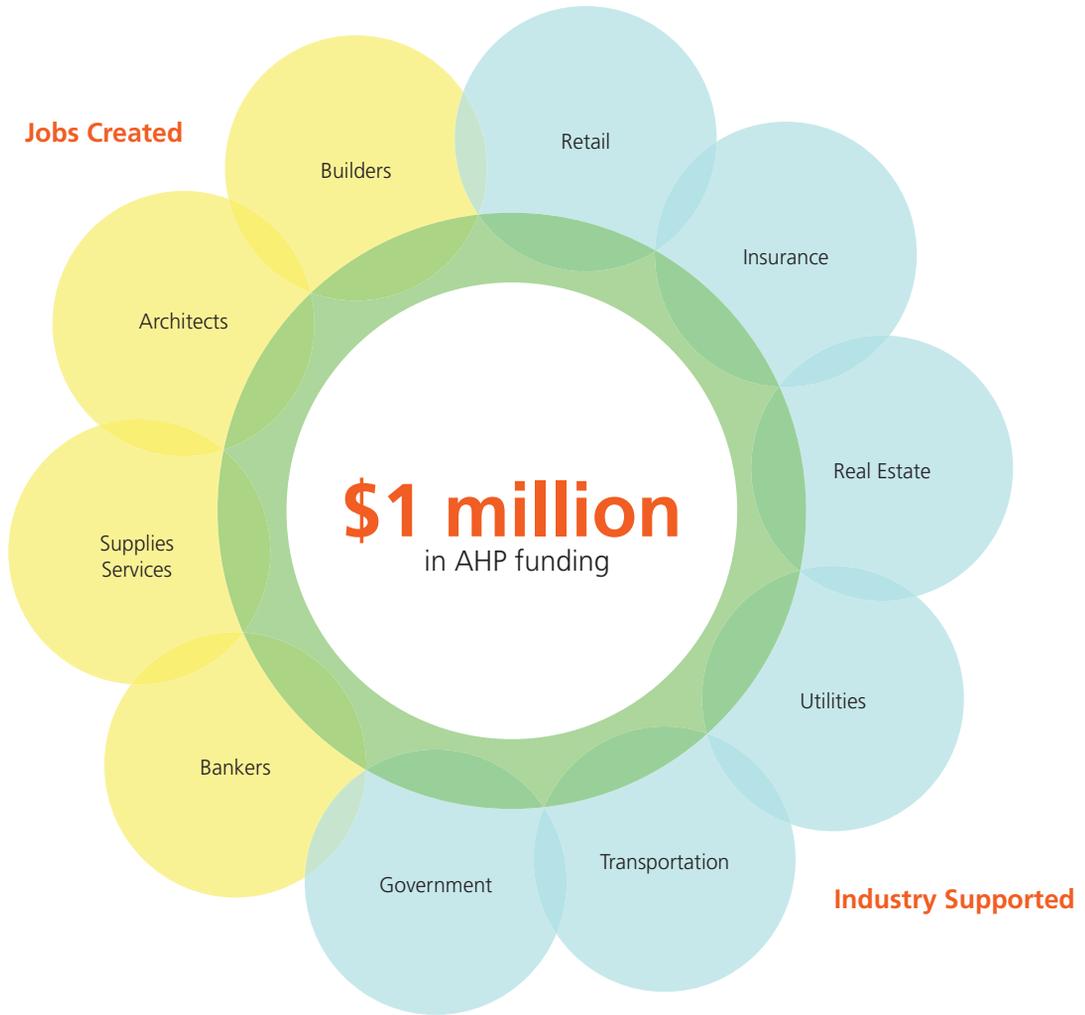
in new and rehabilitated housing

\$8 million

in personal earnings

\$2.8 million

in tax revenues



\$1 million in AHP funding = 158 jobs*

The Bank's investment
in AHP also has
helped create more than
46,000
jobs in the Southeast.

* **Source:** "Beyond Units: Economic Benefits of Federal Home Loan Bank of Atlanta's Affordable Housing Program"
by The Hendrickson Company and The Shimberg Center for Housing Studies, University of Florida

AHP at Work in Your Community

Sweetbriar

Abingdon, Virginia

Sponsor

People Incorporated of Southwest Virginia

Member

The First Bank and Trust Company

Sweetbriar's 20 duplex rental units offer residents earning 50 percent or less of median income a three-bedroom home with a garage, hardwood floors, and washer and dryer for less than \$400 a month. The homes reflect People Incorporated's focus on energy efficiency and environmental sustainability. Use of high-efficiency heating and air conditioning systems, energy efficient windows and appliances, and other innovative building techniques earned the development an EarthCraft Virginia certification. In addition to the affordable rent, residents will benefit from lower energy costs and better indoor air quality.



Financing Profile

Virginia Housing Development Authority Low-Income
Housing Tax Credit Equity

\$2,716,500

Virginia Housing Development Authority (REACH) Loan

\$517,045

VA Department of Housing and Community Development Loan

\$404,955

Deferred Developer Fee

\$106,900

Southeast Rural Community Assistance Project Grant

\$56,000



FHLBank Atlanta Affordable Housing Program Funding

\$150,000

Total Development Costs

\$3,951,400



Sweetbriar · Abingdon, Virginia

“The Affordable Housing Program often provides the gap funding we need to make projects affordable.”

Jen Surber · People Incorporated of Southwest Virginia





First-time Homebuyer Program: Supporting Local Markets

FHLBank Atlanta's First-time Homebuyer Program (FHP) is ideally suited to support local housing markets and economies. By helping well-qualified buyers purchase homes, FHP helps boost home sales and reduce excess inventories, ultimately contributing to more stable real estate values.

The Bank's members use FHP to provide down-payment and closing-cost funding to qualified low- and moderate-income first-time homebuyers. To receive funding, customers of FHP must complete a Bank-prescribed credit counseling course, which educates them on the home-buying process and household budgeting, mortgage financing, and debt management. The financial assistance and education offered through FHP provide a strong foundation to help the buyer maintain and remain in the home for the long term.





In 2009, the Bank allocated the maximum amount allowed to FHP to strengthen home sales in the Southeast. Members used \$9.5 million in FHP dollars to assist more than 1,000 first-time homebuyers purchase their first homes. This funding provided critical and timely support to the housing market.

In addition, FHP helps members gain a competitive advantage in their markets, attract new customers, and grow their mortgage portfolios. Members originated more than \$136.8 million in new mortgages in transactions using FHP dollars. The Bank estimates that, on average, every \$1 of FHP funding helps generate \$17 in new mortgage originations for its members.

Since the program's inception in 1997, the Bank has provided over \$59 million through FHP, assisting more than 9,700 families and individuals.



FHP at Work in Your Community

Member

Carrollton Bank

First-time homebuyers are a staple of Carrollton Bank's mortgage lending business. In 2009, the Baltimore, Md.-based community bank originated new mortgages for more than 500 first-time homeowners, which represented over half of the company's purchase business. More than 100 of these buyers received down-payment and closing-cost assistance from FHLBank Atlanta's First-time Homebuyer Program.

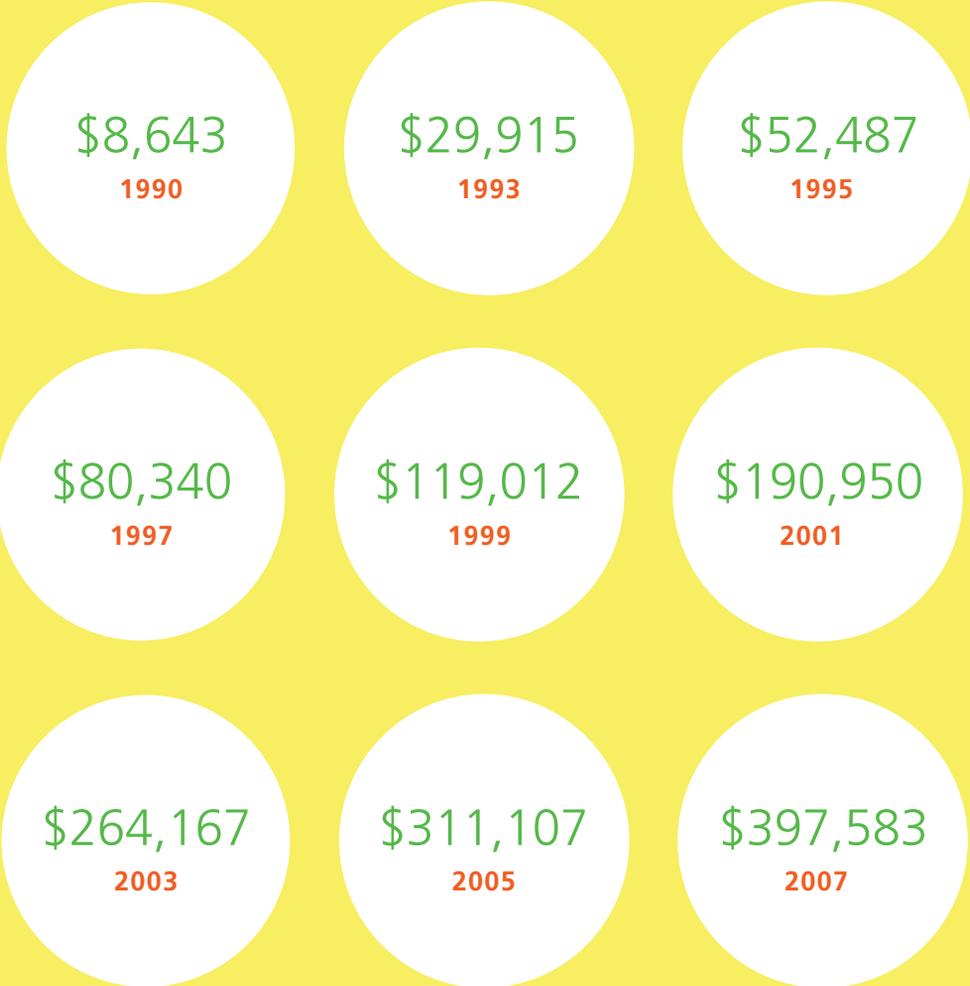
Carrollton Bank used \$975,850 in FHP funding in 2009 and originated new mortgages valued at more than \$15.3 million with these funds. Brian Bogdan, vice president at Carrollton Bank, says that the FHP has been important for new mortgage origination business from the first-time buyer market.

"Our loan officers are very active in the community cultivating relationships with realtors and developers to attract lending business. Without question, the FHP helps in building these relationships," said Bogdan.

In addition to supporting Carrollton Bank's business growth, Bogdan also sees value in the FHP as a stabilizing factor in the current housing market. Stable employment driven by the federal government and military has kept housing prices relatively strong in Baltimore and Washington, D.C.; however, suburbs and exurbs in the metropolitan area have been hit hard by foreclosures and the prolonged real estate downturn. Bogdan believes first-time homebuyers contribute to greater market stability.

“The FHP has been important for new mortgage origination business from the first-time buyer market.”

Brian Bogdan · Carrollton Bank



FHLBank Atlanta Cumulative AHP and CICA* Contributions

* CICA total includes funds for EDGE, EDGE Opportunity Fund, Predevelopment Fund, and New Markets Fund. **Amounts in thousands.**

\$476,637,987

FHLBank Atlanta's contribution to AHP, FHP, and CICA* programs since 1990.



Alabama

Award: **\$6,488,184**

Total Housing Units: **695**



North Carolina

Award: **\$3,578,616**

Total Housing Units: **397**



Florida

Award: **\$12,005,499**

Total Housing Units: **897**



South Carolina

Award: **\$2,060,185**

Total Housing Units: **251**



Georgia

Award: **\$7,856,404**

Total Housing Units: **693**



Virginia

Award: **\$2,855,383**

Total Housing Units: **335**



Maryland

Award: **\$925,000**

Total Housing Units: **116**

Partnerships in States Outside the Bank's District

Award: **\$4,199,000**

Total Housing Units: **513**

2009 AHP Awards by State

For more information on 2009 AHP awards, including a complete list of projects, visit www.fhlbatl.com.

2009 Affordable Housing Advisory Council

Leonard S. Vaughan - Chair

Principal
Shea Development Group
Columbia, MD

Robert J. Adams

President
Housing and Development Advisors
Richmond, VA

Steve Auger - Vice Chair

Executive Director
Florida Housing Finance Corporation
Tallahassee, FL

Robert Avery

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Alabama Association of Community
Development Corporations
Gadsden, AL

Reginal Barner

CEO
Community Development and
Improvement Corporation
Aiken, SC

Kathleen R. Brownlee

Purpose Built Communities
Atlanta, GA

Robert B. Cooke

Executive Director
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Empowerment Zone, Inc.
Vienna, GA

Scott Dedman

President
Mountain Housing Opportunities, Inc.
Asheville, NC

Thomas G. Faulkner, III

President
Nehemiah Community Revitalization Corp.
Greenville, SC

Chickie Grayson

President & CEO
Enterprise Homes, Inc.
Baltimore, MD

Jane Henderson

President
Virginia Community Capital
Christiansburg, VA

Earl Allen Pfeiffer

Executive Director
Florida Home Partnership
Ruskin, FL

Robert Pohlman

Executive Director
Coalition for Nonprofit Housing
& Economic Development
Washington, DC

Brigette E. Rasberry

Vice President & Chief Operating Officer
North Carolina Association of
Community Development Corporations
Raleigh, NC

William H. Tilly, Jr

Executive Director
Alabama Multifamily Loan Consortium
Montgomery, AL

2009 FHLBank Atlanta Management

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Executive Vice Presidents

Cathy C. Adams · Chief Administrative Officer

Steven Goldstein · Chief Financial Officer

Kirk R. Malmberg · Chief Credit Officer

W. Wesley McMullan · Director of Financial Management

Jill Spencer · General Counsel, Chief Strategy Officer, and Corporate Secretary

Senior Vice Presidents

Robert Bennett · Chief Information Officer

Dan Counce · Controller

Charlotte McRanie · Director of Financial Operations Management

Eric Mondres · Director of Government and Industry Relations

Andrew B. Mills · Treasurer

Richard A. Patrick · Chief Audit Officer

Community Investment Services Management

Arthur Fleming · Director of Community Investment Services

Eileen Doran · Director of Lending and Disbursement

Michael Mason · Director of CIS Compliance and Servicing

Jackson Cosey · Director of CIS Business and Relationship Development

Renay Jeune · Manager of Workflow Integration

www.fhlbatl.com/2009annualreport/ac

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