

2011 COMMUNITY LENDING PLAN

BACKGROUND

The Community Investment Cash Advance (CICA) and Community Support regulations obligate each Federal Home Loan Bank to develop an annual Community Lending Plan for approval by the Board of Directors. In order to successfully develop this plan consistent with the regulations, the Seattle Bank's practice has been to:

- Periodically conduct market research in the Seattle Bank's district.
- Describe how the Seattle Bank will address identified community credit needs and market opportunities in its district.
- Consult with its Advisory Council, Board of Directors, members, and public and private housing and economic development organizations in developing and implementing its Community Lending Plan.
- Establish community investment performance goals.

THE FEDERAL HOME LOAN BANK OF SEATTLE

As of September 30, 2010, the Seattle Bank had \$49.9 billion in assets, 365 stockholder members and six approved housing affiliates. The Seattle Bank's district includes eight states (Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington and Wyoming), the Northern Mariana Islands and the U.S. territories of Guam and American Samoa. This region is home to one-third of the Native populations in the United States, encompassing Alaska Natives, Native Hawaiians, and the Native Peoples of the western Pacific Islands.

The Seattle Bank offers a variety of community investment products in addition to advances, Standby Letters of Credits, and other financial products and services for members serving this diverse region. The community investment products are listed below.

SUBSIDY PROGRAMS

The Affordable Housing Program (AHP) is a competitive program that provides funding for the acquisition, development, and/or rehabilitation costs associated with affordable housing. As of September 30, 2010, AHP had committed a net amount of \$140.6 million in subsidy to assist 27,155 low- and moderate-income households.

Home\$tart and Home\$tart Plus (H\$P) are a set aside from the AHP that provide non-competitive grants for low- and moderate-income, first-time homebuyers. As of September 30, 2010, H\$P had disbursed a net amount of \$41.9 million to 8,508 households. An additional \$272,564 was committed to 49 households enrolled in the program.

The AHP Implementation Plan details how the AHP and H\$P are administered. The AHP Implementation Plan is reviewed by the Seattle Bank's Affordable Housing Advisory Council, approved by the Financial Operations and Affordable Housing Committee, and ratified by the Board of Directors.

ADVANCE PROGRAMS

The Community Investment Program, Economic Development Fund, and Community Investment Program Plus (CIP/EDF/CIP Plus) comprise a \$1 billion revolving advance pool for affordable housing and economic development that benefits low- and moderate-income households and neighborhoods. As of September 30, 2010, the Seattle Bank had made a total of \$3.6 billion in discounted CIP/EDF advances to finance 49,164 units of affordable housing for low- and moderate-income households and 352 economic development projects. Through CIP/EDF, the Seattle Bank also offers discounted prices on its Standby Letters of Credit and forward rate locks for qualifying projects.

MARKET RESEARCH

The Seattle Bank periodically reviews the Qualified Allocation Plans (QAP) and Consolidated Plans for each state in the district to evaluate market conditions and to compare the funding priorities of local and state governments and state housing finance agencies with the funding priorities of AHP. Other national and local resources are also consulted such as various publications authored by the Federal Reserve Banks, Joint Center for Housing Studies at Harvard University, National Low Income Housing Coalition, National Association of Affordable Housing Lenders, National Housing Conference, etc. The Seattle Bank is also in frequent communication with its members and housing sponsors, which further informs the bank about the district's credit needs.

Moreover, the Affordable Housing Advisory Council and AHP Subcommittee of the board of directors' Financial Operations and Affordable Housing Committee present information about regional and national trends, initiatives, and market data that both inform the Seattle Bank about the unmet credit needs in our eight-state district and provide context for how to best structure our community investment products to meet those needs. In 2010, particular attention was given to discussing potential membership opportunities for non-depository Community Development Financial Institutions (CDFIs).

2010 PERFORMANCE GOALS - REPORT OF ACHIEVEMENT

The Seattle Bank researched and pursued various initiatives in addition to those articulated in the 2010 Performance Goals including but not limited to evaluating membership for three non-depository CDFIs and evaluating non-member borrower status for a regional housing authority.

Moreover, the Federal Home Loan Banks' AHP was recognized as the "Person of the Year" at the National Housing Conference's annual gala in Washington D.C.

2010 PERFORMANCE GOALS – REPORT OF ACHIEVEMENT

1. *Implement a new database application for Community Investment programs that streamlines application and monitoring processes for members and housing sponsors and promotes operational efficiencies for program administration.* Detailed requirements have been completed and coding is underway for a new Community Investment on-line application, disbursement, and monitoring system. Implementation is expected in Q1-2011.
2. *Provide Web-based training for members and housing sponsors on a Seattle Bank community investment program(s).* The Seattle Bank conducted two Web-seminars to educate members and sponsors about AHP's compliance and monitoring requirements.

3. *Promote community investment among Seattle Bank members by recognizing a specific member for their exemplary engagement in their community.* The Seattle Bank sponsored a Celebration of Community Spirit event at an AHP-assisted project in Butte, Montana. During the event, the Seattle Bank presented Glacier Bank with the 2010 Community Spirit Award and \$5,000. Glacier Bank matched the Community Spirit Award with \$5,000 of its own funds and announced that they would make the combined amount of \$10,000 available to housing and community groups in five Montana counties. Event participants included U.S. Senator Jon Tester, a Seattle Bank director and Advisory Council member, state, county, and city government officials, Seattle Bank members, local housing and community groups, and local residents.
4. *Actively promote the Community Investment Program/Economic Development Fund (CIP/EDF) with members.* As of September 30, 2010, a total of 47 members were participating in CIP/EDF with \$529.3 million in CIP/EDF advances outstanding. Two members that had not taken down new CIP/EDF advances in 2009 did so in 2010. Additionally, the Seattle Bank actively promoted CIP/EDF in meetings with members and community groups.
5. *Cultivate and strengthen relationships among the Seattle Bank, members, and affordable housing sponsors by supporting various events in the Seattle Bank's district.*
 - a. The Seattle Bank, Federal Reserve Bank of San Francisco, and Office of the Comptroller of the Currency co-sponsored a workshop on Low Income Housing Tax Credits for financial institutions, housing and community groups, investors, and developers. The Seattle Bank was a presenter at the workshop.
 - b. The Seattle Bank hosted a meeting for USDA regional directors to discuss partnership opportunities for supporting the housing and community development needs in the district.
 - c. The Seattle Bank was a presenter at USDA's 2010 Multi-state Multi-family Housing Buyers and Sellers Green Conference.
6. *Support local and/or regional events that showcase the community impact of nonprofit housing developers.* The Seattle Bank supported 10 local and regional events that showcased the community impact of nonprofit housing developers.

2011 PERFORMANCE GOALS

1. Develop and implement presentations and/or case studies to demonstrate how the Seattle Bank can support members' compliance with CRA obligations.
2. Continue to pursue new membership opportunities for non-depository CDFIs.
3. Promote community investment among Seattle Bank members by recognizing a specific member for its exemplary engagement in its community.
4. Cultivate and strengthen relationships among the Seattle Bank, members, and affordable housing sponsors by continuing to support community events that promote affordable housing and community economic development in the Seattle Bank's district.

5. Provide training for members and housing sponsors that demonstrates how to maximize the benefits of the new Community Investment on-line application, disbursement, and monitoring system.