

# Inspiring Communities



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On the cover: The New Visions Veterans' Center in Cumberland County, Pennsylvania, opened its doors in 2010. The project was made possible by a grant from FHLBank Pittsburgh's Affordable Housing Program, distributed by Sovereign Bank. Farmers & Merchants Trust Company also helped to fund the project.

As leaders in community investment, we are committed to inspiring communities to grow and succeed. We, in turn, are inspired to action by communities that find success. Together we better the lives of families and individuals all across the region.

# Inspiring Communities – Partners Leading the Way

Recent years have challenged community investment leaders to find innovative ways to fund projects and initiatives. While the obstacles have been great, the importance of strong partnerships cannot be understated. To weather economic uncertainty and navigate risky waters, community investors have bonded together, pooling resources and relying on shared expertise to get the job done.

At FHLBank Pittsburgh, we work in concert with our community investment partners to promote revitalization across our three-state district. Our affordable housing, small business and community lending programs fund an ever-growing number of projects and businesses. Member financial institutions take the lead in delivering this private funding, and work with project sponsors and businesses to ensure that revitalization makes progress in the communities they serve. Our partners in government add guidance and public financing to complete the circle.

The 2010 results?

- Funding committed for nearly 400 homes through the Affordable Housing Program
- Banking On Business financing to 31 small businesses, which now have a chance to create or preserve nearly 500 jobs

- More than \$137 million in Community Lending Program loans
- Letters of credit in support of more than \$6 million in tax-exempt bonds for projects that expanded a water treatment plant and redeveloped a hospital.

But the numbers tell only part of the story.

Our targeted initiatives raise the quality of life in the region. Throughout 2010, teams from 28 Blueprint Communities continued to make remarkable advances in building capacity, strengthening leadership and improving the lives of neighborhood residents. Also in 2010, FHLBank committed half a million dollars to the Mortgage Relief Fund, working with the Pennsylvania Housing Finance Agency and PNC Bank to help at-risk families refinance their first mortgages to more affordable terms.

Astute community investment leaders are continually seeking new knowledge and information. In 2010, FHLBank Pittsburgh provided a number of fine opportunities for partners to expand their knowledge bases and learn innovative techniques for success. FHLBank cosponsored seminars on small business lending and affordable housing with a number of community development partners including, among others, the U.S. Small Business Administration, the USDA

Rural Development, the West Virginia Small Business Development Center, West Virginia Bankers Association and the Pennsylvania Housing Finance Agency. Looking forward, in 2011, FHLBank is cosponsoring seminars on banking opportunities presented by the Marcellus Shale gas industry, as well as other topics to be determined.

To help bring about these notable 2010 successes, FHLBank relied – as it does every year – on the guidance and advice of the Affordable Housing Advisory Council and the Affordable Housing and Products

& Services Committee of the Board of Directors. We are indebted to both groups for their tangible commitment to advancing community investment in the region.

As leaders in community investment, our job is to inspire communities to greater successes. Once achieved, these successes inspire us to work even harder for communities – a challenge we gladly undertake, each and every day, in Delaware, Pennsylvania and West Virginia.



A handwritten signature in black ink that reads "Patrick J. Ward".

**Patrick J. Ward**  
Chair, Affordable Housing and Products & Services Committee of the Board, and Chairman of the Board and Chief Executive Officer, Penn Liberty Bank

A handwritten signature in black ink that reads "Winthrop Watson".

**Winthrop Watson**  
President & Chief Executive Officer, FHLBank Pittsburgh

A handwritten signature in black ink that reads "Brenda Wells".

**Brenda Wells**  
Chair, Affordable Housing Advisory Council, and Director, Western PA Region, Pennsylvania Housing Finance Agency

# Inspiring Communities

## ...through cooperative funding

FHLBank Pittsburgh works with its member banks and community partners to finance community development across Delaware, Pennsylvania and West Virginia.

This inspired commitment to funding provides the building blocks for real community change.

With help from the **Affordable Housing Program** (AHP), families and individuals are able to find places to live that are within reach of their financial means. AHP grant funding goes toward projects that benefit homebuyers or renters, including those with special needs – senior citizens, persons with disabilities and the homeless, among others. To date, FHLBank members have distributed more than \$152 million in AHP funding, building nearly 26,000 units of housing in the communities they serve.

The **Banking On Business** (BOB) program gives small businesses a leg up. Whether it's a new business getting off the ground or an existing business that seeks to expand, BOB makes loans bankable to businesses that otherwise might not qualify

for financing. BOB has awarded recoverable assistance of more than \$40 million to nearly 500 small businesses, saving or creating more than 6,000 jobs in the region.

In addition to homes and businesses, community development includes infrastructure, service facilities, community spaces and more. That's why the **Community Lending Program** (CLP) – an \$825 million revolving non-competitive loan pool – is so important. CLP fills a financing need that other sources do not, making loans to members at FHLBank's cost of funds that they, in turn, make available for community projects or use to fund portfolios of qualified mortgages and small business loans.

“With the help of FHLBank Pittsburgh’s Community Lending Program, we were able to finance this keystone project in the heart of Phoenixville. Franklin Commons will benefit the community, and especially young people, for many years to come.”

William E. Hughes, Jr.  
Chief Lending Officer  
Malvern Federal Savings Bank



## Malvern Federal Savings Bank Targets Community Lending

FHLBank member Malvern Federal Savings Bank used a \$3 million Community Lending Program (CLP) loan to support the redevelopment of a 100-year-old vacant industrial building in Phoenixville, Pennsylvania, into an educational, corporate and recreational facility called Franklin Commons. According to facility owner David Moskowitz, “This is the only building we know of in the U.S. where you can start at three months old and stay in the same building throughout your entire educational career, and end up with a doctor’s degree.”

# Inspiring Communities

## ...through targeted initiatives

With so much at stake for communities, FHLBank Pittsburgh does more than just provide funds through its core programs. It offers a range of targeted initiatives that help member banks respond to local needs, inspiring communities that inspire them.

Begun in 2005, the **Blueprint Communities** neighborhood revitalization initiative has had a profound effect on dozens of communities in the region. With a core mission to foster strong local leadership, collaboration and development capacity – while encouraging long-term planning – Blueprint Communities has leveraged nearly \$200 million in public and private investments to date. A total of 28 community teams were recertified in 2010, each of which includes representation from at least one member bank.

With the nation's housing market in turmoil, the **Mortgage Relief Fund** took a front seat in 2010. This targeted initiative sought to help at-risk homeowners avoid foreclosure by restructuring first mortgages to

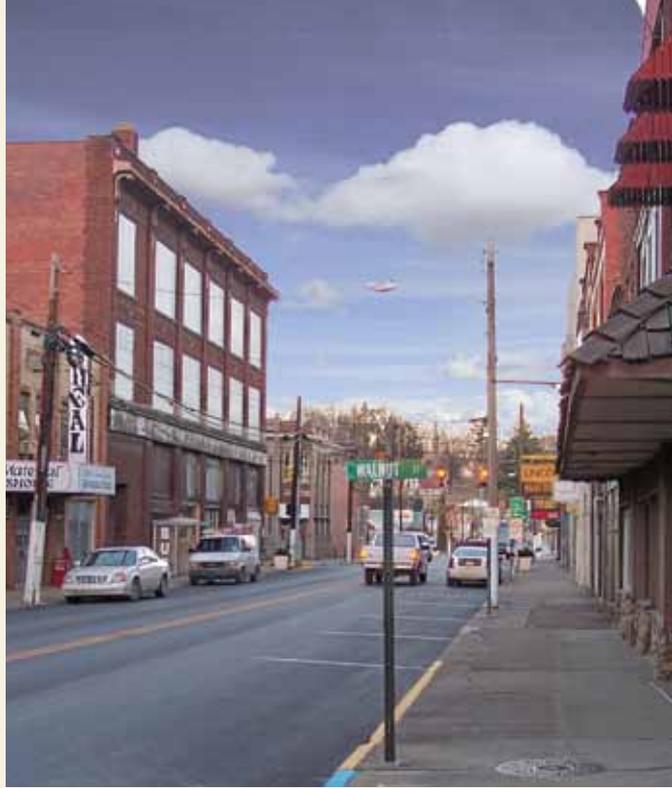
terms they could better manage.

FHLBank Pittsburgh committed \$500,000 to this collaborative effort with member PNC Bank and the Pennsylvania Housing Finance Agency.

FHLBank extended a number of **Other Initiatives** in 2010, including the My Money, My Life financial education initiative for young people in Allegheny County, and an investment in Mountaineer Capital, a Small Business Investment Corporation in West Virginia. FHLBank Pittsburgh also issued letters of credit to support tax-exempt bond projects, including the expansion of a hospital facility in Corry, Pennsylvania and a water treatment plant in Erie. The FHLBank System continues to advocate for the renewal of this authority, which expired at the end of 2010.

“The Blueprint Communities initiative has been an important catalyst in the rejuvenation, growth, and significant opportunity that is underway in the City of Shinnston. WesBanco is proud of its partnership with the City and looks forward to continuing that commitment.”

LaReta J. Lowther  
Vice President – Community  
Development  
WesBanco Bank Inc.



## WesBanco Sparks Change in Blueprint Community Shinnston

The City of Shinnston was designated as one of West Virginia’s Blueprint Communities in 2007. Since then – and with the help of FHLBank member WesBanco Bank – Shinnston’s Blueprint efforts have included development of a \$3 million senior housing project and a new community center, as well as a number of green initiatives, such as the construction of an activities park and street improvements. These and other accomplishments have netted Shinnston a HUB collaborative grant, a “Make it Shine” Clean Community Award and designation as an ON TRAC community by the WV Development Office.

# Inspiring Communities

## ...through educational opportunities

FHLBank Pittsburgh strives to offer complimentary educational opportunities to its members that optimize their community investment savvy. The knowledge members gain helps them make a significant difference in the communities they serve.

Throughout 2010, FHLBank continued the member education series it started in 2009, including sponsorship of **Business and Industry Lending Seminars** held in Altoona, Pennsylvania and Charleston, West Virginia. These seminars featured the programs of the USDA, the Small Business Administration, and a variety of other state and local small business organizations.

FHLBank also offered a number of **Other Educational Opportunities** in 2010. Working with the Pennsylvania Housing Finance Agency, FHLBank co-hosted a webinar that featured a review of single- and multi-family financing products. FHLBank also conducted two municipal finance training workshops in 2010. The workshops,

held in Pittsburgh and Philadelphia, highlighted FHLBank's tax-exempt letter of credit authority.

In 2011, FHLBank Pittsburgh is hosting a series of four informational seminars titled **"The Marcellus Shale Industry: Banking Considerations and Opportunities."** Held in three Pennsylvania locations – Scranton, Philipsburg, Pittsburgh – and in Roanoke, West Virginia, these seminars were designed to expand members' knowledge of the Marcellus Shale formation and the projected economic and environmental implications for the natural gas drilling industry, related small businesses and the banking community. Other workshops and webinars are planned throughout the remainder of the year.

“Elderton State Bank makes a strong commitment to agriculture and small business every day. The business and industry lending seminars FHLBank sponsored last year helped us to fine-tune that commitment.”

Ray A. Sleppy  
Senior Loan Officer  
Elderton State Bank



## Elderton State Bank Nurtures Small Businesses

Member bankers who attend FHLBank-sponsored educational seminars have put that knowledge to good use. In 2010, Senior Loan Officer Ray Sleppy attended a Business and Industry Lending Seminar in Altoona, Pennsylvania, on behalf of Elderton State Bank, a repeat user of FHLBank’s Banking On Business program. Elderton State Bank has drawn on BOB funds to help three small businesses get off the ground or grow. One of these, startup company Edgewood Ag, provides harvesting services (labor and equipment) to local farmers in Indiana County.

# 2010 Pillars of the Community Awards

The Pillars of the Community Awards honor member financial institutions for outstanding community investment efforts during the prior calendar year, including their use of FHLBank Pittsburgh's community investment programs. FHLBank Pittsburgh makes Pillars Awards to institutions that have achieved noteworthy success in advancing housing for lower-income families and promoting community stability and revitalization throughout the areas they serve.



## CNB Bank Clearfield, PA

CNB Bank was honored for channeling more than \$600,000 in funding from the Community Lending Program (CLP) to two new construction projects that will create much-needed affordable housing. Meanwhile, ERIEBANK, a division of CNB, was one of three members to participate in a portion of the 2009 restructuring of \$80 million in outstanding revenue bonds for Erie Water Works. The bonds were partially refinanced with the help of FHLBank Pittsburgh's Letter of Credit product.

CNB Bank also maintains a high standard of direct community involvement. CNB sponsors two financial literacy programs, teaching both elementary and high school students important lessons in finance.

In addition, CNB makes many charitable donations and sponsors numerous community organizations and events.



## PNC Bank Pittsburgh, PA

PNC Bank was cited for its impressive use of FHLBank programs, including the 2009 completion of five affordable housing projects that received nearly \$1.3 million in Affordable Housing Program (AHP) funding. Over the past 20 years, PNC has sponsored 150 other projects with nearly \$38 million in AHP funding. PNC has also used FHLBank's First Front Door Program to great advantage and has been an enthusiastic supporter of the Blueprint Communities revitalization effort.

PNC Bank has a history of working with customers and residents of all ages to help them improve their financial health. PNC makes this possible through a variety of bank services, financial education classes, and support for nonprofit community organizations that have adopted financial education as part of their mission.

# 2010 Council's Award



Delaware Senator Tom Carper (left) presents FHLBank's 2010 Council's Award to Mike Skipper.

## **Michael D. Skipper**

Vice President and Community  
Development Manager  
WSFS Bank  
Wilmington, DE

Each year, FHLBank's Affordable Housing Advisory Council, which serves the Bank and its Board of Directors, selects an individual who demonstrates a lifelong commitment to affordable housing and whose career leadership has achieved important and lasting results in the community.

Mike Skipper has had a long and distinguished career as a community banker, working tirelessly to create productive financing options for his customers, especially those with small businesses. He has used FHLBank's Community Lending and Affordable Housing programs extensively. Mike recently participated in a strategic review of FHLBank's Banking On Business program, while also providing ongoing planning support on the Blueprint Communities advisory committee.

A passionate advocate, Mike has volunteered his time to support several initiatives critical to the future of community development in Delaware. He has taken active roles on a number of committees and teams working with various levels of government to set policy and optimize funding for affordable housing and community development. Clearly, Mike has translated his commitment and passion into progressive action.

# Financial Highlights

## Affordable Housing Program

(dollars in thousands)	2010	2009	2008	2007	2006
Total subsidies awarded	\$2,695	\$3,446	\$23,075	\$17,850	\$14,661
Number of housing units	395	439	2,292	2,112	1,974
Total development supported	\$62,573	\$50,341	\$448,251	\$302,347	\$251,658

## Banking On Business

(dollars in thousands)	2010	2009	2008	2007	2006
Total funds committed	\$3,271	\$3,498	\$7,022	\$7,070	\$6,636
Total amount funded	\$2,544	\$4,019	\$4,999	\$6,200	\$5,126
Businesses funded	31	38	54	60	48
Jobs preserved/created	476	447	444	609	517

## Community Lending Program

(dollars in thousands)	2010	2009	2008	2007	2006
Total refinance and new project development loans	\$137,521	\$122,153	\$245,662	\$307,723	\$142,319
Total balances outstanding	\$596,637	\$611,480	\$604,040	\$445,099	\$420,755

## First Front Door\*

(dollars in thousands)	2010	2009	2008	2007	2006
Total amount allocated	\$0	\$65	\$6,590	\$6,052	\$4,675
Homebuyers enrolled	0	166	1,755	1,639	1,226
Total amount disbursed	\$0	\$1,859	\$7,371	\$6,535	\$4,064
Homeowners funded	0	406	1,608	1,469	978

## Mortgage Relief Fund

(dollars in thousands)	2010
Total funds committed	\$500
Homeowners enrolled	170
Total amount funded	\$154

\*The First Front Door program is currently suspended and will not reopen in 2011.

# Community Investment Assistance

FHLBank Pittsburgh's Community Investment Department staff is available to provide financial institutions, community-based organizations and affordable housing developers with assistance in the following areas:

## Community Investment Department Application Assistance

FHLBank offers application assistance to members, community-based organizations or housing developers interested in submitting applications for the AHP, BOB or CLP programs. Assistance includes complete application reviews – general information and financial documentation, as well as application composition and presentation – and explanations of responsibilities associated with each program.

## Project Development

FHLBank can provide technical assistance on project development. This assistance is limited to the project's use of FHLBank's community investment products. Assistance includes complete explanations of how FHLBank products can be used in conjunction with housing and community development projects, consultation on funding structure and overall project enhancement.

## Community Development Partnership Building

FHLBank will provide consultation on partnership building as a means to improve the effectiveness and competitiveness of projects. On a case-by-case basis, staff often can direct, advise and engage in strategic partnership building to assist members and housing providers in developing their project.

## Effective Use of Community Investment Products and Services

FHLBank will work with members, community-based organizations and housing developers in the strategic use of FHLBank's community investment products and services. Securing the funding is only part of the need. The Community Investment Department is available to assist in the overall implementation and strategic use of the various products and services.

# 2011 Affordable Housing Advisory Council



**Brenda B. Wells, Chair**  
Director, Western PA Region  
Pennsylvania Housing  
Finance Agency  
Pittsburgh, Pennsylvania



**Joel A. Johnson, AICP, P.H.M.**  
Executive Director  
Montgomery County Housing Authority  
Norristown, Pennsylvania



**Mary Hunt-Lievig, Vice Chair**  
Senior Program Officer  
Claude Worthington  
Benedum Foundation  
Pittsburgh, Pennsylvania



**Virginia L. Lewis**  
Consultant  
VLB Consultants  
Charleston, West Virginia



**Fred J. Bañuelos**  
Deputy Director  
DCED, Governor's Center for  
Local Government Services  
Harrisburg, Pennsylvania



**Senghor A. Manns, J.D.**  
President and Agency Counsel  
Harrisburg Housing Authority  
Harrisburg, Pennsylvania



**Anas Ben Addi**  
Director  
Delaware State Housing Authority  
Dover, Delaware



**Lamont G. McClure**  
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Carbon County Housing Authority  
Lehighton, Pennsylvania



**Glenn R. Brooks**  
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Leon N. Weiner & Associates, Inc.  
Wilmington, Delaware



**Ronald Miller**  
Executive Director  
Neighborhood Housing Services of  
Greater Berks, Inc.  
Reading, Pennsylvania



**Beverly Coleman**  
Assistant Vice President for  
Community Relations and  
Economic Development  
Temple University  
Philadelphia, Pennsylvania



**Joseph A. Yarzebinski**  
Senior Program Director  
Rural LISC  
Pittsburgh, Pennsylvania



**Penny L. Eddy**  
Private Consultant  
Cyclone, Pennsylvania



**Nathan E. Yoder**  
Executive Vice President  
Susquehanna Valley  
Development Group  
Turbotville, Pennsylvania



**Gloria Guard**  
Engagement Officer  
One Economy  
Philadelphia, Pennsylvania

# Community Investment Department



**John Bendel**  
Director



**William Joseph**  
Community  
Investment  
Consultant



**Linda Kruse**  
Senior CID  
Specialist –  
Operations



**David Buches**  
Community  
Investment  
Manager



**Laura Rye**  
Community  
Investment  
Contractor



**Dorothy Pegdan**  
Administrator



**Terrence Cronin**  
Manager,  
CID Operations  
& Compliance



**Ann Killian**  
Senior CID  
Specialist –  
AHP

# 2011 Affordable Housing and Products & Services Committee of the Board of Directors



**Patrick J. Ward, Chair**  
Chairman of the Board  
and Chief Executive Officer  
Penn Liberty Bank  
Wayne, Pennsylvania



**John S. Milinovich**  
EVP/Treasurer & CFO  
Washington Financial Bank  
Washington, Pennsylvania



**Brian A. Hudson,**  
**Vice Chair**  
Executive Director  
and CEO  
Pennsylvania Housing  
Finance Agency (PHFA)  
Harrisburg, Pennsylvania



**Charles J. Nugent**  
Vice President  
Fulton Bank, N.A.  
Lancaster, Pennsylvania



**Rev. Luis A. Cortés Jr.**  
President, Esperanza  
Philadelphia, Pennsylvania



**Bradford E. Ritchie**  
West Virginia President  
Summit Community Bank  
Moorefield, West Virginia



**Charlotte B. McLaughlin**  
Executive Vice President  
PNC Bank, N.A.  
President and CEO  
PNC Capital Markets, Inc.  
Pittsburgh, Pennsylvania

# 2011 Community Investment Goals

FHLBank Pittsburgh's Community Investment Department always strives to dream bigger and reach higher – a commitment matched by the dedication of its partners in banking and government, as well as those in the nonprofit and for-profit sectors. When we work together for the benefit of communities, we can achieve more than we ever thought possible. My sincere hope is that we will keep on inspiring, and being inspired by, communities all across our district.

FHLBank Pittsburgh's Community Investment Department is committed to the following goals for 2011:

- Increase the number of members using FHLBank's community investment products or engaged in FHLBank-sponsored, community investment-related initiatives

- Develop new performance and risk metrics to measure the effectiveness of FHLBank's community investment products
- Enhance the delivery of the Affordable Housing Program (AHP) by deploying the final phase of the AHP online modernization project
- Continue to support recertified Blueprint Communities and explore expansion of the initiative
- Continue to provide educational opportunities to members on a variety of community investment topics throughout the year.



A handwritten signature in black ink that reads "John Bendel". The signature is written in a cursive, flowing style.

John Bendel  
Director,  
Community Investment  
FHLBank Pittsburgh

# Contact Us

For more information on FHLBank Pittsburgh's Community Investment programs and initiatives, please visit FHLBank's web site at [www.fhlb-pgh.com](http://www.fhlb-pgh.com), or contact the Community Investment Department at 1-800-288-3400, option 3, or via e-mail to [dpegdan@fhlb-pgh.com](mailto:dpegdan@fhlb-pgh.com).



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