



FEDERAL HOME LOAN BANK OF DALLAS

Economic Development Program (EDP)

Community Lending Advance



Guidelines and Application

2009



Economic Development Program (EDP) Advance Guidelines

OVERVIEW

- The EDP provides favorably priced advances to assist members in funding economic development projects and community revitalization in targeted communities.
- EDP funds are available throughout the year to support lending for economic development-related projects, qualified by location, income, or services or activities rendered.
- All member institutions eligible to obtain advances through the Federal Home Loan Bank of Dallas (Bank) can make EDP advances.

USES OF FUNDS

- **Uses for EDP advances include:**
 - Construction
 - Small business financing
 - Water/Wastewater infrastructure financing
 - Civic Centers
 - Historic preservation
 - Hospitals
 - Acquisition
 - Rehabilitation
 - Refinancing
 - Capital improvement
 - Public works projects
 - Industrial facilities
 - Social services facilities
 - Nursing homes
 - Letter of Credit
- EDP advances can also be used to purchase **participations** or provide financing to participate in a loan consortium for EDP-eligible economic development projects; or
- To make loans to **third-party** entities that in turn lend for EDP-eligible economic development projects; or
- To purchase mortgage revenue bonds or **mortgage-backed securities (MBS)**, when all of the loans financed by the bond and all of loans backing the securities meet EDP requirements.
- EDP advances can be used to fund qualified projects that have closed in the past 90 days, or will close in the next six months.
- EDP advances must be used to fund permanent financing to the borrower or project.
- The term of the EDP advance cannot exceed the term of any permanent financing extended to the borrower.

PROGRAM REQUIREMENTS

- **Qualifying projects must meet at least one of the following criteria:**
 - Project is located in a neighborhood in which the majority of households have incomes at or below the qualifying percent of the area median income (AMI):
 - Project is located in an urban area (population > 25,000) in which the average family income is at or below 100 percent of the AMI.

- Project is located in a rural area (population < 25,000) in which the average family income is at or below 115 percent of the AMI.
- Services will be provided from the finished project that will benefit at least 51% of households with incomes at or below the qualifying percent of the AMI.
- Project will create and/or retain jobs for low- to moderate-income individuals.
- Project qualifies as a small business as defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration under 13 CFR part 121, or any successor provisions.
- **Projects may automatically qualify if they are located in one of the following target areas:**
 - Federal Champion Community
 - Federal Enterprise Community
 - Federal Empowerment Zone
 - Native American Indian area
 - Community impacted by NAFTA
 - An area eligible for a federal Brownfield Tax Credit
 - Declared Federal or State Disaster Area
 - Area impacted by a federal military base closing
 - Area currently supported by the Community Adjustment and Investment Program (CAIP)
- **Community development advances (which include EDP, CIP, AHP and Disaster Relief Program advances) may not exceed, at the time the advance is approved the lesser or 15 percent of an institution's total assets, or \$200 million.**
- **Members must meet the Bank's standard collateral requirements and must limit their rate mark-up to 400 basis points.**

APPLICATION PROCESS

- Members must agree to comply with the Community Investment policies and procedures established by the Bank. Upon approval of the application, disbursement of funds is subject to the credit, capital stock, and collateral requirements of the Bank.
- A transactions verification form is required from the member institution within 30 days of funding.
- Complete applications and supporting documentation should be mailed or faxed to the following:

Federal Home Loan Bank of Dallas
Member Sales Group
 P.O. Box 619026
 Dallas, Texas 75261-9026
Fax: 214.441.8551

For additional information or questions regarding qualification, please contact the Bank's Member Sales Group at 800.442.9841, or visit the Bank's website at fhlb.com.



EDP Advance Application

MEMBER INSTITUTION

Name: _____ FHFA ID #: _____ Date: _____

Mailing Address: _____

City: _____ State: _____ ZIP: _____

Contact Person: _____ Title: _____

Phone: (____) _____ Fax: (____) _____ E-mail: _____

TYPE OF PROJECT (Select One):

- | | |
|---|--|
| <input type="checkbox"/> Small business financing | <input type="checkbox"/> Industrial facility development |
| <input type="checkbox"/> Nursing home/Healthcare facility | <input type="checkbox"/> Civic center/Social Services facility |
| <input type="checkbox"/> Hospitals | <input type="checkbox"/> Letter of Credit |
| <input type="checkbox"/> Public Works/Wastewater infrastructure | <input type="checkbox"/> New or <input type="checkbox"/> Renewal |
| <input type="checkbox"/> Historic preservation | <input type="checkbox"/> MBS or Revenue Bond |
| <input type="checkbox"/> Other _____ | |

Purpose of Advance Request:

- | | | |
|---|--|--------------------------------------|
| <input type="checkbox"/> New Construction | <input type="checkbox"/> Rehabilitation | <input type="checkbox"/> Acquisition |
| <input type="checkbox"/> Refinancing | <input type="checkbox"/> Capital Improvement | |

BANK USE ONLY

CSS Eligibility Verified Commitment \$: _____ Rate (%): _____

Outstanding Community Development advances \$: _____ CICA (%): _____

Total assets: \$ _____ Approved: _____ Date: _____

Rate to Borrower: _____

PROPERTY INFORMATION

Name of Project: _____
Street Address: _____
City/State/ZIP: _____
Census Tract: _____ Congressional District: _____
County: _____

REQUIRED INFORMATION

Jobs Created: _____ # Jobs Retained: _____ Total Development Cost: _____

PROJECT DESCRIPTION:

Please provide a concise description of the project:

PROJECT QUALIFICATIONS (Select One):

Project is located in one of the following target areas* (automatic qualification for EDP funds):

- | | |
|---|--|
| <input type="checkbox"/> Federal Champion Community | <input type="checkbox"/> Tax Credit project (NAFTA) |
| <input type="checkbox"/> Federal Enterprise Community | <input type="checkbox"/> Brownfields Tax Credit |
| <input type="checkbox"/> Federal Empowerment Zone | <input type="checkbox"/> Declared Federal or State Disaster Area |
| <input type="checkbox"/> Native American Indian Area | <input type="checkbox"/> Military Base Closing Area |
| <input type="checkbox"/> CAIP Area | |

* Please see attached "Definitions" for additional detail. No income restrictions apply.

Targeted Income: Project is located in a neighborhood in which the majority of households are at or below the qualifying percent of the AMI.

Project is located in an **urban area** (population >25,000), where household incomes are at or below 100 percent of the AMI; or

Project is located in a **rural area** (population <25,000), where household incomes are at or below 115 percent of the AMI.

Qualified Wages: At least 51 percent of project employees have incomes at or below 80 percent of the AMI.

Targeted Services: At least 51 percent of the families who benefit from or are provided services by this project have incomes at or below the targeted income level.

Small Business (not subject to income limits): Project qualifies as a Small Business as defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration under 13 CFR part 121, or any successor provisions.

DEFINITIONS

Brownfields:	Abandoned, idled or underused industrial and commercial property where expansion or redevelopment is complicated by real or perceived contamination. These areas are eligible for the Brownfield Tax Incentive Deduction.
CAIP Areas:	Community Adjustment and Investment Program area (CAIP) as defined under 22 U.S.C. 290m-2. Areas with a significant number of lost jobs as a result of NAFTA. These communities receive financial and technical assistance from USDA and SBA.
Champion Community:	These communities applied for, but were not awarded ED or EZ status. These communities receive financial and technical assistance from USDA.
Enterprise Community (EC):	Designated by USDA ¹ (rural) or HUD ² (urban). The community applies for designation based on four key principles: economic opportunity, sustainable community development, community-based partnerships, and strategic vision for change. In addition to tax benefits and grants, these communities receive special consideration for and assistance from federal programs.
Indian Area:	As defined by the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 ct. seq.), Alaskan Native Village, or Native Hawaiian Home Land.
Military Base Closing:	Areas affected by military closings (as defined by the Department of Defense at 32 CFR part 176).
MSA:	A Metropolitan Statistical Area as designated by the Office of Management and Budget.
Neighborhood/Community:	A census tract or block numbering area; a unit of local government with a population of 25,000 or less; a rural county; or a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood that is within the boundary of, but does not encompass the entire area of a unit of general local government.
Other Qualifying Area:	Other areas designated for targeted economic development area that qualifies for assistance under another federal or state targeted economic development program with prior approval of the Bank.
Small Business (SBA):	A “small business concern,” as that term is defined by section 3(a) of the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration under 13 CFR part 121, or any successor provisions.

¹USDA - U.S. Department of Agriculture

²HUD - Department of Housing and Urban Development