

## COMMUNITY DEVELOPMENT PROGRAM (CDP) ADVANCES

FHLBank Topeka's Community Development Program (CDP) is a special advance program authorized by the Finance Agency's Community Investment Cash Advance (CICA) regulations. The CDP is designed to increase members' involvement in their communities through the financing of commercial loans, small business and other community and economic development loans. CDP provides members with wholesale loans (advances) priced below FHLBank's regular market rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve. This favorable pricing, coupled with the availability of funds in terms of four months to 30 years, helps lenders extend long-term, fixed rate credit for community development. Comparable funding for owner-occupied and rental housing is available through FHLBank's Community Housing Program (CHP) advances.

### PROGRAM OBJECTIVE

To finance commercial, agricultural, economic development and community development initiatives in urban and rural areas.

### TERMS AND CONDITIONS

#### CDP Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

#### Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CDP advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CDP advances for their own benefit. The minimum amount of a CDP advance is \$10,000.

#### Rate

CDP advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs, plus a reasonable allowance for administrative costs. Callable, amortizing and adjustable rate CDP advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CDP advance rate pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the CDP, the interest rates on the outstanding CDP advances may be changed to the comparable market rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

#### Term

CDP advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

## Prepayment Option

The normal prepayment fee will apply to CDP advances. For details, refer to the specific advance program.

## Collateral

CDP advances must be fully collateralized on the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of the Member Products and Services Guide.

## Availability

Provided an approved CDP application is on file, CDP advances may be requested until 4 p.m. CT.

## QUALIFYING CRITERIA

CDP-qualified member financing includes loans to small businesses, farms, agribusiness, public or private utilities, schools, medical and health facilities, churches, day care centers or for other community and economic development purposes that meet **one** of the following criteria:

- Loans to firms that meet the Small Business Administration's (SBA) definition of a qualified small business concern (available at <http://www.sba.gov/size/indextableofsize.html>). SBA's established general size standards:
  - ✓ 500 employees for most manufacturing and mining industries
  - ✓ \$7.0 million in annual receipts for most retail and service industries
  - ✓ 100 employees for most wholesale operations
  - ✓ \$750,000 in annual receipts for farm operations
- Financing for businesses or projects located in an **urban** neighborhood, census tract or other area with a median income at or below 100 percent of the area median
- Financing for businesses, farms, ranches, agribusinesses or projects located in a **rural** community, neighborhood, census tract or unincorporated area with a median income at or below 115 percent of the area median

Median income information for CDP-eligible areas can be accessed by using the address locator available on the Federal Financial Institutions Examination Council (FFIEC) Geocoding System Web site at <http://www.ffiec.gov/geocode/default.htm>.

- Firms or projects located in a:
  - ✓ Federal Empowerment Zone, Enterprise Community or Champion Community  
Available at: [http://egis.hud.gov/egis/cpd/rcezec/ezec\\_open.htm](http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm)
  - ✓ Native American Area  
Available at:  
<http://www.hud.gov/offices/pih/ih/codetalk/onap/map/nationalmap.cfm>
  - ✓ Brownfield Area  
Available at: <http://www.epa.gov/swerosps/bf/plocat.htm>
  - ✓ Federally Declared Disaster Area  
Available at: <http://www.fema.gov/news/disasters.fema?year=2010>
  - ✓ Community Adjustment and Investment Program (CAIP) Area  
Available at: <http://www.nadbank-caip.org>
- Businesses in **urban** areas in which at least 51 percent of the employees of the business earn less than 100 percent of the area median

- Businesses in **rural** areas in which at least 51 percent of the employees of the business earn less than 115 percent of the area median

Median income information for CDP-eligible earnings is available from FHLBank's HCD department.

### **ADDITIONAL CDP GUIDELINES**

- **Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development department programs. In addition to future CDP applications, this would include the Affordable Housing Program, Homeownership Set-aside Programs, Joint Opportunities for Building Success program and Community Housing Program/Community Development Program advances.**
- CDP-eligible projects include commercial, manufacturing, farms, agribusiness, social service and public facility projects and services; private/public infrastructure; and small business loans.
- CDP advances can be used in conjunction with SBA, USDA, HUD and FHA loans; state and local government assistance; and secondary market agency programs.
- CDP advances can be used for making loans to entities that, in turn, make loans that could be funded directly with CDP advances.
- CDP advances can be used to fund member investment in lender consortia as long as the underlying mortgages can be funded directly with CDP advances.
- CDP advances can be used for loans funded up to 90 days before the effective date of the CDP advance approval and for loans funded up to one year after approval. A CDP project may be a single loan or a pool of loans.
- CDP pricing cannot be approved for advances obtained by the member prior to approval of the CDP application.
- Members must certify that projects meet CDP funding guidelines. Members will also be asked to provide information on the advance disbursement, including a copy of loan documents.
- No annual verification is required for CDP advances.
- Applications are available from FHLBank's Housing and Community Development department at 785.233.0507, on FHLBank's Web site at <http://www.fhlbtopeka.com> or by e-mail request to [HDCDCSP@fhlbtopeka.com](mailto:HDCDCSP@fhlbtopeka.com).

### **WHAT TO EXPECT AFTER APPLYING FOR A CDP ADVANCE**

1. The Housing and Community Development (HCD) department will review the proposed project to be funded with a CDP advance and, if necessary, request follow-up information or documentation.
2. Following approval of the CDP advance, HCD staff will send the member a letter authorizing the advance under the agreed upon conditions. FHLBank's Lending department will be notified that the member's CDP application has been approved. The approval is valid for one year.
3. The member must call FHLBank Topeka's Lending department at 800.809.2733 when the advance is needed and tell the Lending staff that the advance is for an approved CDP project.

4. Upon taking the advance, the member must provide a copy of the closing documents such as note, mortgage and closing statement to document that the proceeds of the advance have been used for the approved project.
5. No annual verification is required for CDP products.
6. FHLBank, at its discretion, may adjust the interest rate on approved and drawn CDP advances in those instances where FHLBank determines that the member is not in compliance with FHLBank CDP policies.

**STOCKHOLDER INFORMATION**

Stockholder Name:		FHFA ID# :	
Contact Person:		Title:	
Address:			
City/State/Zip:			
Phone:	Fax:	E-mail:	

**ADVANCE REQUEST**

CDP Advance(s) Requested: \$
Maximum Terms Requested (Months/Years):
Type of Advance (Fixed/Amortized/Other):
Purpose of CDP Advance ( <i>check all that apply</i> ): <input type="checkbox"/> Retail <input type="checkbox"/> Office <input type="checkbox"/> Wholesale <input type="checkbox"/> Manufacturing <input type="checkbox"/> Agriculture <input type="checkbox"/> Day Care <input type="checkbox"/> Public Facility <input type="checkbox"/> Medical/Health <input type="checkbox"/> Social Services <input type="checkbox"/> Infrastructure <input type="checkbox"/> Education <input type="checkbox"/> Heavy industrial <input type="checkbox"/> Light Industrial <input type="checkbox"/> Recreation <input type="checkbox"/> Other: _____
Purpose of Lender Financing ( <i>check all that apply</i> ): <input type="checkbox"/> New Construction <input type="checkbox"/> Existing Purchase <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Permanent Loan <input type="checkbox"/> Refinance <input type="checkbox"/> Participation Loan <input type="checkbox"/> Letter of Credit <input type="checkbox"/> Other :
Est. date advance will be taken by: _____ Expected date loan will be funded: _____

**PROJECT INFORMATION**

Business/Project Name:	
Address:	
City/State/Zip:	
County:	U.S. Congressional District:
Census Tract:	Total Development Cost: \$
Targeted Population, if any (Native American, farm workers, families, etc.):	
Number of Jobs Created:	Number of Jobs Retained:
Scattered Site: <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Rural <input type="checkbox"/> Urban <input type="checkbox"/> Rural and Urban
Other Financing Sources ( <i>check all that apply</i> )	
<input type="checkbox"/> SBA	<input type="checkbox"/> Local Economic Development Organization
<input type="checkbox"/> USDA Program	<input type="checkbox"/> Foundation Grants
<input type="checkbox"/> Industrial Revenue Bonds	<input type="checkbox"/> Other Grants
<input type="checkbox"/> HUD CDBG Economic Development	<input type="checkbox"/> Other Loan

FOR FHLBANK USE ONLY

Housing and Community Development Dept. APPROVED/DENIED	Comments/Qualifying Standard:
By: _____ Date: _____	
CDP # _____	
Reviewed by: _____ Date: _____	

**BORROWER INFORMATION**

Name:		
Contact Person:	Title:	
Address:		
City/State/Zip:		
Phone:	Fax:	
Status:	<input type="checkbox"/> Private, For-profit Business	<input type="checkbox"/> Public Utility
	<input type="checkbox"/> Nonprofit Organization	<input type="checkbox"/> Other, please specify:
	<input type="checkbox"/> Government Agency	

**PROJECT DESCRIPTION:**

**STOCKHOLDER CERTIFICATION**

Stockholder certifies that the project meets the guidelines for CDP funding. **Stockholder will provide information after the disbursement of the advance, including a copy of loan documents and CDP Initial Certification Form.** Stockholder understands that CDP pricing cannot be applied to FHLBank advances already taken. Stockholder agrees to allow FHLBank to publicize stockholder's participation in the program.

\_\_\_\_\_  
*(FHLBank Topeka Stockholder Institution Name)*

\_\_\_\_\_  
*(Officer Signature)*

\_\_\_\_\_  
*(Corporate Title)*

\_\_\_\_\_  
*(Type or print officer name)*

\_\_\_\_\_  
*(Date Signed)*

**RETURN APPLICATION TO:**

FHLBank Topeka  
Housing and Community Development Department  
PO Box 176  
Topeka, KS 66601-0176  
Phone: 785.233.0507  
866.571.8155  
FAX: 785.234.1765

## Community Development Program CDP Qualified Financing

(Must meet **only one** of the following criteria)

**Qualified as a Small Business Concern according to Small Business Administration (SBA) standards**

(Please check the appropriate type of business and provide the corresponding annual revenue or employment information if the project is qualified for the CDP under the small business standard.)

Annual Receipts \$ \_\_\_\_\_ or No. of Employees \_\_\_\_\_ NAICS Code if known \_\_\_\_\_

- Manufacturing or Mining < 500 employees
- Retail or Service Business < \$7.0 million in annual receipts
- Wholesale Operations < 100 employees
- Farm Operations < \$750,000 in annual receipts
- Health Services/Clinics/Doctors' Offices < \$7.0 million in annual receipts
- Education or Social Services < \$7.0 million in annual receipts
- Other: \_\_\_\_\_

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**Located in CDP-qualified area**

(Please identify the appropriate area, e.g. tract number, name of county or city, etc.)

Area (state, county, MSA) \_\_\_\_\_ Area Median Income \_\_\_\_\_

Qualified Area Identification (tract #, place) \_\_\_\_\_ Tract/Place Median Income \_\_\_\_\_

Check the applicable qualifying criteria met by this project:

- Urban neighborhood, tract or area < 100% of area median income
- Rural county, town, city, tract or unincorporated area < 115% of area median income

Identify the source of the median income data for this project and attach a copy if available: \_\_\_\_\_

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**Qualified as Other Targeted Area**

(Please identify the appropriate area by name and check the type of targeted program.)

Area Name \_\_\_\_\_

- Native American Area
- Federal Empowerment Zone, Enterprise Community or Champion Community
- Brownfield Area
- Federally Declared Disaster Area
- Department of Defense Designation as Military Base Closing Area
- Community Adjustment and Investment Program (CAIP) Area

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**Qualified as a Business with CDP-qualified Wage Levels**

(Please specify urban or rural and provide data. Also attach a statement or letter listing occupation categories, number of employees of each type and salary ranges within each occupation, e.g., laborer, clerical, etc.)

- Urban businesses with a minimum of 51% of employees with income < 100% of area median
- Rural businesses with a minimum of 51% of employees with income < 115% of area median

Qualified Area Identification (tract #, place) \_\_\_\_\_ Median Income \_\_\_\_\_

\_\_\_\_\_% of Median Income CDP Limit \_\_\_\_\_ No. of Employees < \_\_\_\_% AMI \_\_\_\_\_

Total Number of Employees \_\_\_\_\_ Percent of Employees < \_\_\_\_% AMI \_\_\_\_\_

Source of income:

- FHLBank Topeka
- Other: \_\_\_\_\_