Community Investment Advance Commercial Lending Application

Submit Community Investment Advance (CIA) applications **at least 24 hours prior** to the requested advance date. Applications can be submitted by email to CommunityInvestment@fhlbdm.com or by fax to 515.699.1270.

A. Member Institution Information Housing Associates are not eligible for participation in CIA.	
Member Name:	Member #:
Contact Person:	Title:
Address:	
City, State, Zip:	
Email:	Phone:

B. Advance Information The CIA advance limit per member is $10 million (aggregated on all outstanding CIAs). **Separate applications must be completed for each CIA advance. A loan or pool of loans may not be used for more than one advance.** Approval of a *CIA Commercial Lending Application* does not reserve funds or provide an interest rate lock. Interest rate is determined at the time of advance. All advances are subject to the availability of funds. Standard advance requirements including prepayment fees apply.	
Advance Type: ☐ Fixed ☐ Amortizing ☐ Other Please indicate "Other" advance type here. (Member option variable-rate is not eligible for a CIA advance)	
Advance Amount Requested: ($25,000 minimum per advance; higher minimums may apply to adjustable rate advances)	
Advance Term: (1-30 year advance term)	
Expected Funding Date of Advance	

C. Project Financing		
Purpose of financing (check all that apply): ☐ Acquisition/Purchase ☐ Rehabilitation ☐ New Construction ☐ Operations/Working Capital ☐ Refinance ☐ Low Income Housing Tax Credit (Mixed Use only)		
Location Type (majority of loans): ☐ Urban ☐ Rural See **Rural Area** and **Urban Area** in Definitions. A project is in a rural area if it qualifies for housing or economic development assistance from USDA. To verify a project is in a rural area, refer to the Property Eligibility on the USDA website, and the geo-coding page for business programs at: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do.		
Check off one classification from the following regarding the loan or majority of loans used to qualify this advance.		
☐ Agriculture	☐ Health Care	☐ Commercial Office
☐ Heavy Industrial	☐ Commercial Retail	☐ Hotel
☐ Commercial Wholesale	☐ Infrastructure	☐ Day Care
☐ Light Industrial	☐ Education	☐ Manufacturing
☐ Public Facilities	☐ Social Services	☐ Recreation
☐ Mixed Use: Projects that include mixed housing and economic development components. Mixed Use projects must be qualified using Target Income Area.		

Classification | Internal

D. Economic Development Project Qualification

Financing of economic development projects.

Closed or Anticipatory Financing (check one):

☐ **Closed loans:** Loan origination must have occurred within 3 months prior to the CIA advance date.

Earliest date loan(s) booked:

☐ **Loans to be closed:** Loan origination must occur within 12 months from the CIA advance date. A member certification is required. If the member certification is incomplete, not received within 12 months, or loan origination is insufficient, the interest rate on the CIA advance will convert to the rate in effect for a comparable regular advance at the time the advance was originated and applied to the full amount and term of the advance.

Expected date of loan(s) closing:

Loan Activity	# of Loans	$ Amount of Loans
Targeted Income Area/Rural (115% AMI)		
Targeted Income Area/Urban (100% AMI)		
Other Target Area		
Small Business		
Wages/Rural (115% AMI)		
Wages/Urban (100% AMI)		
Disaster Area Declaration		
Jobs Created:	Jobs Retained:	

Qualification

Loans must be qualified based on at least **one** of the following requirements.

Check off the applicable qualifier(s):

☐ Qualified by Lending Area (Complete Box E)
☐ Qualified by Small Business Lending (Complete Box F)
☐ Qualified by Wages(Complete Box G)
☐ Qualified by Disaster Area Declaration (Complete Box H)

E. Qualified by Lending Area

For **Targeted Income Area**, loans in **Rural Areas** qualify if they are in an area at or below 115% of AMI. Loans in **Urban Areas** qualify if they are in an area at or below 100% of AMI. Targeted Income Area is determined by census tract using the geo-coding page of the FFIEC website at www.ffiec.gov.

Check off a specific lending area:

☐ Targeted Income Area (most common)
☐ Indian Area
☐ Federal Empowerment Zone
☐ Eligible Brownfield Tax-Credit Area
☐ Federal Champion Community
☐ Federal Enterprise Community
☐ Military Base Closing Area
☐ CAIP Area

Closed Loan(s): The loan amount must be the amount actually advanced and not the amount of a loan commitment.

Borrower Name	Loan Amount (Funded Amount)	Date Loan Closed	Street Address (No PO boxes or RR#)	City	State	Zip	County	FFIEC Online Census Data System		Loan Purpose
								Target Area Census Tract	Tract Median Family Income %	
										Select one...
										Select one...
										Select one...
										Select one...

Required Documentation

Complete a *Commercial Loan Documentation Spreadsheet* for additional loans:

- CIA Target Area.xls

F. Qualified by Small Business Lending

A loan to a small business must meet the Small Business Administration's (SBA) size standard for a small business (in effect at the time CIA Application is submitted to FHLB Des Moines): https://www.sba.gov/document/support--table-size-standards. The size standards are based on average annual receipts or average employment. See **Small Business** in Definitions for information.

Closed Loan(s):

The loan amount must be the amount actually advanced and not the amount of a loan commitment.

Borrower Name	Loan Amount (Funded Amount)	Date Loan Closed	Street Address (No PO boxes or RR#)	City	State	Zip Code	NAICS Code	Business Gross Revenue	Business Average Employees

Required Documentation

Complete a *Commercial Loan Documentation Spreadsheet* for additional loans:

- CIA Small Business.xlsx

G. Qualified by Wage

For **Rural Areas**, the annual salary of 51% of the permanent and part-time jobs created or retained by the project, other than construction jobs, must be at or below 115% of the area median income (AMI) for a family of four. For **Urban Areas**, the annual salary of 51% of these jobs must be at or below 100% of the area median income (AMI) for a family of four.

The income limit is calculated using HUD income tables: https://www.huduser.gov/portal/datasets/il.html. Use the HUD tables for **Individual Income Limits Areas** and find the applicable MSA or state and county. Calculate the income limit using the **Median Family Income** (MFI). 100% AMI is equal to the MFI. 115% AMI is calculated by multiplying the MFI by 115% (MFI x 1.15).

Jobs created or retained by the project are not construction jobs. ☐ Yes ☐ No

Closed Loan(s):

The loan amount must be the amount actually advanced and not the amount of a loan commitment.

Borrower Name	Loan Amount	Date Loan Closed	Street Address (no PO Boxes or RR#)	City	State	Zip Code	County	Household Income	HUD Median Family Income	Loan Purpose
										Select one...
										Select one...
										Select one...
										Select one...

H. Qualified by Disaster Area Declaration

The project must provide financing in a federally declared disaster area. To identify federally declared disaster areas, visit the FEMA website: https://www.fema.gov/disasters. Loans qualified under this category must be associated with expenses or losses incurred as a direct result of the disaster. Loans must be originated within 18 months of the disaster declaration.

Closed Loan(s):

The loan amount must be the amount actually advanced and not the amount of a loan commitment.

Borrower Name	Loan Amount	Date Loan Closed	Street Address (no PO Boxes or RR#)	City	State	Zip Code	County	Disaster Declaration

Provide a description of how each loan assisted with expenses or losses that were a result of the disaster:

COMPLIANCE and CERTIFICATION

"Funds Availability Notice: Approval of a Federal Home Loan Bank of Des Moines (the Bank) Community Investment Advance application is subject to funds being available under this program at the time the advance is taken. Approval of this application is not a reservation of funds. All Community Investment Advances are subject to the terms and conditions contained in the Bank's Member Products and Services Policy.

If it is determined this Advance is out of compliance, the interest rate will be converted to the market rate in effect for a comparable regular advance at the time the Advance was originated and applied to the full term of the Advance.

If, following the repayment of the Advance, the Bank determines that the member's use of the Community Investment Advance funds was not in compliance with regulatory requirements or member fails to provide required documentation demonstrating that its use of the Advance was in compliance, then the Bank shall have the authority to charge the member for the additional interest resulting from the difference between the Community Investment Advance rate extended to the member and the market rate at the time the Advance was originated. ***Upon approval of this application, disbursement of funds is subject to the credit and collateral requirements of the Bank.***

If the Bank terminates a convertible Community Investment Advance prior to the stated maturity date of such Advance, the Bank shall offer to provide market replacement funding to the member for the remaining term to maturity of the convertible advance. However, by Finance Board regulation, the Bank can only offer its Community Investment Advance rates for qualifying loans originated no more than 3 months prior to the date an advance is made. As a result, if the Bank provides market replacement funding, the member can only use the same loans that it originally used to qualify for the Community Investment Advance rate, ***if those same loans were originated within 3 months of the market replacement funding.*** *Otherwise, the member must use other qualifying loans if the replacement funding is to receive the Community Investment Advance rate.*

Certification: The undersigned, an authorized representative of Member Institution, certifies the information contained in this application is true and correct to the best of their knowledge and the funds made available to the Member Institution through the Community Investment Advance program will be used to benefit targeted households and the loans used to support the advance meet the respective targeting requirements of the Community Investment Advance program. In addition, the use of the advance is consistent with the Community Investment Advance application approved by the Bank. The Member Institution has also provided documentation to the Bank, including a description of how the project meets the requirements, and where appropriate, a statistical summary or list of incomes of the borrowers, rents for the project or salaries of jobs created or retained.

I, _____, _____,
(Print Name) (Title)

of _____, hereby certify the above statement is true and
(Member Institution)

correct. _____ _____
(Signature) (Date)

FHLB Des Moines Approval: _____ _____
(FHLB Des Moines Authorized Signature) (Date)

Classification | Internal

DEFINITIONS

AMI: Area Median Income.

Brownfield Tax Credit Area: A property eligible for the federal Brownfield Tax Credit Program.
CAIP Areas: 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: A community which developed a strategic plan and applied for designation by either the Secretary of HUD or the Secretary of the USDA as an Empowerment Zone or Enterprise Community, but was designated a Champion Community.

Commercial Loans: A debt-based funding arrangement that a government, business, or farm may obtain from a financial institution to fund capital expenditures and/or operations. Commercial loans may also be for refinance of existing commercial loans. Commercial loans may not include loans for personal expenditures of a business owner such as a home or vehicle, and may not include loans for residential rental property (see the Residential Lending Advance).

Disaster Area Declaration: A project may be qualified if it is located in a federally declared disaster area. To identify federally declared disaster areas, visit the Federal Emergency Management Agency website: ***http://www.fema.gov/news/disasters.fema.*** Loans qualified by disaster area declaration must be originated within 18 months of the disaster declaration and associated with expenses or losses incurred as a direct result of the disaster.

Economic Development Projects: Economic development projects may include: (1) **Commercial *Loans*** *and* **Municipal Bonds** *to support* commercial, industrial, manufacturing, social service, and public facilities projects and activities; and public and private infrastructure projects such as roads, utilities, and sewers; (2) purchase of a participation interest or financing to participate in an eligible economic development project; (3) loans to entities that in turn make loans to eligible economic development projects. Economic development projects may include ***Mixed Use*** projects.

Enterprise Community: Designated USDA (rural) or HUD (urban); 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.

Empowerment Zone: Designated by USDA (rural) or HUD (urban); community applies for designation based on four key principles: economic opportunity, sustainable community development, community-based partnerships, and strategic vision for change. These communities receive the same benefits as EC's, plus additional grants and tax benefits for businesses with the EZ.

Indian Area: The area within which an Indian tribe or a tribally designated housing entity, as authorized by one or more Indian tribes, provides affordable housing assistance.

MSA: A Metropolitan Statistical Area as designated by the Office of Management and Budget.

Military Base Closing: Areas affected by military base closings and is a "community in the vicinity of the installation" as defined by the Department of Defense.

Mixed Use: Projects involving a combination of housing and economic development. Mixed Use projects will be qualified based on targeted income area. The economic development component of the project will typically be used to qualify the project, except that both the housing and economic development components of the project must qualify if they are located in a targeted income area that is at or below 80% of area median income.

Municipal Bonds: Securities issued for the purpose of financing the public infrastructure needs of the municipal issuer. These needs vary greatly but can include schools, streets and highways, bridges, hospitals, public housing, sewer, water systems, power utilities, and various public projects. Municipal bonds are issued by states, cities, and counties to raise funds.

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, village, or similar geographic designation that is within the boundary of but does not encompass the entire area of a unit of local government.

Rural Area: A unit of general local government with a population of 25,000 or less; an unincorporated area outside an MSA; or an unincorporated area within an MSA that qualifies for housing or economic development assistance from the USDA. USDA eligibility for business programs is provided at: ***http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do***. Contact FHLB Des Moines for assistance.

Small Business Lending: A loan to a "small business concern," as the 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. SBA defines a small business concern as one that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average annual receipts over a three year period, or average number of employees for the preceding twelve months.

Business NAICS codes and applicable size standards may be found at: ***https://www.sba.gov/document/support--table-size-standards***

Average annual receipts (i.e. gross revenue or gross receipts) are typically the average of three years. Use the receipts as reported in the borrower's federal tax return. Include the income of affiliates and subsidiaries. If the borrower has been in operation less than three years, provide an average based on the number of weeks the borrower has been in operation, using tax returns and any other available information, such as the borrower's financial statements.

Average employment is typically an average of the preceding completed 12 calendar months. To determine number of employees, count all individuals employed on a full-time, part-time, or other basis, including employees of affiliates, if applicable. If a borrower has been in operation less than 12 months, calculate the average from the number of pay periods during which it has been in business.

Instructions for calculating average receipts and average employment can be found at: ***https://www.sba.gov/content/part-121-small-business-size-regulations-1***

Targeted Income Area: For Commercial Lending: (a) Urban: targeted income must be at or below 100% of the area median income and the location meets the definition of Urban listed below; (b) Rural: targeted income must be at or below 115% of the area median income and the location meets the definition of Rural listed above. The income level may be determined by census tract using the geo-coding page of the FFIEC website at ***www.ffiec.gov*** or by calling FHLB Des Moines.

Urban Area: A unit of general local government with a population of more than 25,000 or an unincorporated area within a MSA that does not qualify for housing or economic development assistance from the USDA. USDA eligibility for business programs is provided at: ***http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do***. Contact FHLB Des Moines for assistance.