

Purpose

To provide members with favorably priced advances and letters of credit (LCs) for financing eligible economic development projects. Eligible advances and LCs are priced below Federal Home Loan Bank of Chicago's (FHLBC) standard advance and LC rates.

Program Requirements and Guidelines

- Loans/LCs must be for eligible economic development projects (*see chart below*). The application must include documentation verifying that each project qualifies for one of the indicated beneficiary types.
- Underlying loans must be originated within 3 months prior to drawing the Community Advance.
- If a loan is participated out to another institution, the amount of the loan retained by the member applicant is eligible for the discounted rate.
- The term of the advance from the FHLBC should not exceed the term of loan to the member's customer. The maximum advance term is 10 years (longer maturities available). Please refer to the Member Products Guide for LC product terms.
- Separate applications must be completed for housing projects (Community Housing Advance). Applicants wishing to borrow for a mixed-use project should complete a Community Development Advance application.
- If the application is related to a FHLBC defined disaster relief program, different program requirements and guidelines may apply. Contact Community Investment (CI) for details.
- Member limits apply to the amount and maturities of outstanding Community Advances.

Conditions of Advance

- Allow a minimum of 24 to 48 hours processing time for application approval.
- Same advance types, collateral requirements, and prepayment fees as standard advances.
- Members may take multiple Community Advances up to the total amount of credit approved.
- Members may choose to utilize only a portion of the approved application amount.
- The approved amount of Community Advance credit will be impacted by the date the advance is drawn. Approved amounts may be reduced if previously originated loans were originated more than 3 months prior to receiving the Community Advance.

Eligible Economic Development Projects

Projects must meet at least one of the following criteria:

Beneficiary Type	Project Requirements	Documentation Requirements
Geographic Beneficiaries	Location in targeted geographic areas. Typically, project will be located in a census tract with a median income at or below 100% of the area median income in urban areas or 115% in rural locations. Other targeted areas include Indian areas; Brownfields; Champion Communities, Empowerment or Enterprise Zones; federally declared disaster areas.	Complete the worksheet attached to the application. Refer to www.ffiec.gov for census tract data for the business location. <ul style="list-style-type: none"> • Click on Geocoding/Mapping System • Enter address, then click "Search" • Click "Get Census Demographic" Results of "Tract Median Family Income" field will be used to determine eligibility. Please submit FFIEC results with the application.
Activity Beneficiaries	Project qualifies as a small business, based on Small Business Association (SBA) guidelines. Based on type of business, size standards will be determined by annual receipts or number of employees. Consult with CI staff or refer to the SBA website.	Complete the worksheet attached to the application. If qualified based on annual receipts, submit copy of schedule from most recent tax return or audited financial statements to verify receipts. If qualified based on number of employees, submit recent reports from third-party payroll provider or quarterly reporting to state to confirm number of employees.
Individual Beneficiaries	At least 51% of permanent FTE employee salaries OR incomes of households served by the project are at or below 100% of the area median income (AMI) if located in an urban area, or at or below 115% of AMI if located in a rural area, using HUD income guidelines for a 4-person household.	Complete the worksheet attached to the application and submit documentation verifying salary or income information. Acceptable documentation may include recent reports from a third-party payroll provider, including year-to-date salary information, or quarterly reporting to state.
Payroll Protection Program (PPP) Eligible Borrowers	Member's underlying borrowers(s) are PPP eligible entities.	Complete the worksheet attached to the application. Members signing the application will be a certification that the underlying borrowers submitted are PPP eligible. No additional support documentation to evidence eligibility is required. Application approval by December 23, 2020. Advance draw no later than December 31, 2020.

1. General Information

Name of Member: _____ Member Number: _____
Contact Person: _____ Title: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone Number: _____ Extension: _____
Fax Number: _____
Email Address: _____

2. Credit Information

Advances

Credit Type *(Please check one)*

- Advance – Project Specific or Loans to be Originated Advance – Portfolio Funding (Previous 3 Months)

Amount of Credit: _____

Term of Advance^(a): _____

Funding Date of Advance^(b): _____

Letters of Credit

Credit Type *(Please check one)*

- Letter of Credit – Credit Enhancement for Bonds Letter of Credit – Performance Guaranty

Amount of LC: _____

LC Term: _____

Effective Date: _____

3. Project Information

Purpose of Financing *(Check the appropriate box or boxes)*

- New Construction Acquisition/Purchase Refinance Rehabilitation

Other (Specify): _____

Is the project located in a rural area? Rural area is defined as either (a) a unit of general local government with a population of 25,000 or less; (b) an unincorporated area outside a Metropolitan Statistical Area (MSA); or (c) an unincorporated area outside a MSA that qualifies for housing assistance from the United States Department of Agriculture.

- Yes No

Please provide a brief description of the proposed project(s)

(a) Term of advance from FHLBC should not exceed term(s) of underlying loan(s).

(b) Previously originated loans must have been closed no more than 3 months prior to receiving the Community Advance.

4. Project Type *(Please check one)*

- Commercial and Economic Development *(Complete Section 6 and worksheet)*
 Mixed-Use – Residential and Commercial *(Complete Sections 5, 6, and worksheet)*

For Mixed-Use projects, please indicate portion of project that is economic development: _____%

5. Mixed-Use Project *(Complete if project has both residential and non-residential components)*

For projects that include rental housing, please submit a unit mix with monthly rental rates.

Number of Residential Units: _____

Income Target of Households *(indicate the number of units in each category)*

Up to 50% AMI: _____ 51–60% AMI: _____ 61–80% AMI: _____ 81–115% AMI: _____ > 115%: _____

6. Economic Development

Number of jobs created or retained: _____

Economic Development Project Type *(Please check those that apply)*

- | | | |
|---|--|--|
| <input type="checkbox"/> Agriculture | <input type="checkbox"/> Commercial Office | <input type="checkbox"/> Commercial Retail |
| <input type="checkbox"/> Commercial Wholesale | <input type="checkbox"/> Day Care | <input type="checkbox"/> Education |
| <input type="checkbox"/> Health Care | <input type="checkbox"/> Heavy Industrial | <input type="checkbox"/> Hotel |
| <input type="checkbox"/> Infrastructure | <input type="checkbox"/> Light Industrial | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Public Facilities | <input type="checkbox"/> Recreation | <input type="checkbox"/> Social Services |
| <input type="checkbox"/> Other – Please describe: _____ | | |

7. Community First® Disaster Relief Program

Is the application related to an FHLBC defined disaster relief program? Yes No Disaster Relief Reference Number: _____

8. All projects must qualify under A, B, C, D, or E below. Check the box that applies.

A. Geographically Defined Beneficiaries – The project is located in a(n):

- | | | |
|---|---|---|
| <input type="checkbox"/> Neighborhood with a median income at or below 100% of the area median income (AMI) in urban areas or 115% AMI in rural areas | <input type="checkbox"/> Brownfield | <input type="checkbox"/> Champion Community* |
| <input type="checkbox"/> CAIP Designated Community (NAFTA) | <input type="checkbox"/> Military Base Closing Area | <input type="checkbox"/> Empowerment Zone* |
| <input type="checkbox"/> Indian Area, Alaskan Native Village, or Hawaiian Homeland | <input type="checkbox"/> Federal Disaster Area
<i>(Disaster date limits apply)</i> | <input type="checkbox"/> Enterprise Community* |
| | <input type="checkbox"/> State Disaster Area
<i>(Disaster date limits apply)</i> | <i>*As designated by either the Secretary of HUD or the Secretary of the USDA</i> |

Applications must include project address on attached worksheet for each qualified geographically defined beneficiary.

B. Activity Beneficiary – Does the project meet the Small Business Administration (SBA) definition of a small business? *(Consult with CI staff or refer to the SBA website.)*

- Yes No

Applications with qualified activity beneficiaries must include documentation of annual receipts or number of employees for each business.

Annual Receipts: _____

Number of Employees: _____

NAIC Standard: _____

For applications with multiple loans, provide details for individual loans on attached worksheet.

<p>C. Individual Beneficiaries – Employee Salaries. Annual salaries for at least 51% of the permanent employees created or retained by the project have incomes at or below the targeted income level.</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Targeted Income Level (<i>check one</i>):</p> <p><input type="checkbox"/> CIP Up to 80% AMI</p> <p><input type="checkbox"/> Urban Area Up to 100% AMI</p> <p><input type="checkbox"/> Rural Area Up to 115% AMI</p> <p><i>HUD income guidelines are located on the FHLBC website.</i></p>	<p>Number of permanent full time equivalent (FTE) employees with incomes at or below the targeted income level: _____</p> <p>Total number of FTE employees: _____</p>
<p><i>Applications with individual beneficiaries must include documentation of annual salaries for employees or households served.</i></p>		

<p>D. Individual Beneficiaries – Households Served. At least 51% of the families who benefit from (other than through employment) or are provided services by the project have incomes at or below the targeted income level. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Targeted Income Level (<i>check one</i>):</p> <p><input type="checkbox"/> CIP Up to 80% AMI</p> <p><input type="checkbox"/> Urban Area Up to 100% AMI</p> <p><input type="checkbox"/> Rural Area Up to 115% AMI</p> <p><i>HUD income guidelines are located on the FHLBC website.</i></p>	<p>Number of households served with incomes at or below the targeted income level: _____</p> <p>Total number of households: _____</p>
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<p>E. Payroll Protection Program (PPP) Eligible Borrowers: Entities submitted on this application are eligible for loans under the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). Application approval by December 23, 2020. Advance draw no later than December 31, 2020. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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9. Authorized Signature

The undersigned duly authorized officer, acting with full authority to make the certifications below on behalf of the member, hereby certifies that:

- (1) The member will comply with the provisions of the Community Investment Cash Advance Program pursuant to Section 1430 of the Federal Home Loan Bank Act, regulations of the Federal Housing Finance Agency (12 CFR Part 1292), and guidelines and requirements of the FHLBC.
- (2) For mixed-use projects involving the refinance of rental housing and manufactured housing parks, proceeds were/will be used to rehabilitate the project or to preserve affordability for the current residents.
- (3) For projects that also receive funds from another targeted federal economic development program that has income targeting requirements that are the same as, or more restrictive than FHLBC targeting requirements, the borrower certifies that compliance with the criteria of such federal economic development program meets FHLBC requirements (attach borrower certification).

Authorized Signature

Officer Name (please print)

Officer Title

Date

Fax the completed application, worksheet, and required documentation to:
Community Investment Group
Federal Home Loan Bank of Chicago
(312) 277-6641

Or e-mail to CICA@fhlbc.com

Questions? Contact Community Investment at 312-565-5824

Economic Development Project Worksheet^(c)

Loan # (if applicable)	Name of Borrower/ Business	Loan/LC Amount	Business Type	Address / SBA size standard ^(d)	City	County	State	Zip Code	Loan/LC Date ^(e)	Loan/LC Term

Total Loan/LC Amount: _____

- (c) A member-generated form is acceptable, provided that it includes all of the above data fields.
- (d) Indicate business address. If business qualifies as small business, identify the SBA size standard for the appropriate business type and the size of business (either in number of employees or annual receipts for most recent year) in Section 6B above.
- (e) Previously originated loans must have been closed no more than 3 months prior to receiving the Community Advance.