Federal Home Loan Bank of New York

Advancing Housing Opportunity and Local Community Development
The Federal Home Loan Bank System

- Government-Sponsored Enterprise (GSE) created by Congress in 1932 as a result of the Great Depression and its effects on the housing market
- Primary business is extending credit to banks, thrifts, credit unions, insurance companies, and community development financial institutions
- 11 Federal Home Loan Banks across the United States all registered with the SEC and regulated by the Federal Housing Finance Agency (FHFA)
- Each FHLBank is an independent cooperative, owned by its members, who purchase stock in the FHLBank
- The total membership as June 30, 2019 was 6,805 institutions
- The total advances to members system-wide as of June 30, 2019 was $686 billion
Since the crisis, membership within the FHLBank System has declined by over 1,300 members.

<table>
<thead>
<tr>
<th>Year</th>
<th>FHLBank Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>4,453</td>
</tr>
<tr>
<td>1990</td>
<td>4,504</td>
</tr>
<tr>
<td>1991</td>
<td>4,604</td>
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<td>1992</td>
<td>4,737</td>
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<td>1993</td>
<td>4,884</td>
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<tr>
<td>1994</td>
<td>5,046</td>
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<tr>
<td>1995</td>
<td>5,238</td>
</tr>
<tr>
<td>1996</td>
<td>5,404</td>
</tr>
<tr>
<td>1997</td>
<td>5,504</td>
</tr>
<tr>
<td>1998</td>
<td>5,628</td>
</tr>
<tr>
<td>1999</td>
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<tr>
<td>2000</td>
<td>5,909</td>
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<td>2001</td>
<td>6,063</td>
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<td>2002</td>
<td>6,238</td>
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<tr>
<td>2003</td>
<td>6,404</td>
</tr>
<tr>
<td>2004</td>
<td>6,563</td>
</tr>
<tr>
<td>2005</td>
<td>6,749</td>
</tr>
<tr>
<td>2006</td>
<td>6,928</td>
</tr>
<tr>
<td>2007</td>
<td>7,110</td>
</tr>
<tr>
<td>2008</td>
<td>7,300</td>
</tr>
<tr>
<td>2009</td>
<td>7,489</td>
</tr>
<tr>
<td>2010</td>
<td>7,699</td>
</tr>
<tr>
<td>2011</td>
<td>7,849</td>
</tr>
<tr>
<td>2012</td>
<td>7,968</td>
</tr>
<tr>
<td>2013</td>
<td>8,079</td>
</tr>
<tr>
<td>2014</td>
<td>8,176</td>
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<td>2015</td>
<td>8,149</td>
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<tr>
<td>2016</td>
<td>8,079</td>
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<tr>
<td>2017</td>
<td>7,849</td>
</tr>
<tr>
<td>2018</td>
<td>7,699</td>
</tr>
<tr>
<td>2019</td>
<td>7,504</td>
</tr>
</tbody>
</table>
Two Parties Needed to Make FHlBanks Work

PEOPLE TO BORROW FROM US
(MEMBERS)

PEOPLE TO INVEST IN OUR DEBT
(INVESTORS)

Connecting Investors with Homeowners

THE FEDERAL HOME LOAN BANK SYSTEM GUIDE: WWW.FHLBANKS.COM
The Federal Home Loan Bank of New York

Our Mission:
To advance housing opportunity and local community development by supporting members in serving their markets.

Our Vision:
To be a balanced provider of liquidity to members in all operating environments.

» 329 Member institutions include commercial banks, thrifts, credit unions, insurance companies, and community development financial institutions (CDFI) in New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands

» $150.6 Billion in assets

» $102.4 Billion dollars in advances

» Triple-A counterparty credit rating

As of 6/30/2019
Benefits of FHLB Membership

• Reliable low-cost funding to help meet liquidity needs
• Fixed, floating, forward-starting and amortizing advances with flexible terms to enhance your interest rate risk management
• Triple-A-rated Letters of Credit to secure various obligations, such as public-sector deposits
• Community Investment products and affordable housing programs including the Homebuyer Dream Program™ (HDP)
• High quality Correspondent Services to help meet your daily operating needs
• Better operating efficiencies through 1Link®, our secure internet banking system
• Innovative mortgage funding and purchase programs to improve your competitive position
FHLBanks’ Credit Union Trend

As of June 30, 2019

The FHLBNY is Among the Districts with Rapid Credit Union Growth Since 2006 – 2Q2019

* Please note that effective May 31, 2015, FHLB Seattle merged with FHLB Des Moines. Prior to that there were 12 FHLB districts.
### FHLBNY Program Utilization

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Optimize Deposit Pricing</strong></td>
<td>Members can test the elasticity of their deposit bases and embark on different pricing strategies with the knowledge that they can “backfill” with FHLBNY funding should they experience resulting outflows.</td>
</tr>
<tr>
<td><strong>Pursue Growth and Leverage Capital</strong></td>
<td>Members can fend off NIM pressure by leveraging capital to achieve balance sheet growth. By using FHLBNY funding, members can manage their balance sheets within the confines of their capital bases and not be restricted by the limitations of their deposit bases.</td>
</tr>
<tr>
<td><strong>Deploy Excess Cash</strong></td>
<td>Members often maintain excess cash to meet the demands for funding loans or for a contingency. However, this can be a costly tactic especially when fending off NIM compression. Having borrowing potential at the FHLBNY is a much better and more profitable solution.</td>
</tr>
<tr>
<td><strong>Capitalize on Opportunities to Acquire Assets</strong></td>
<td>Members can be opportunistic and utilize FHLBNY short-term liquidity to make investments now in anticipation of future cash flows (i.e., cash flows from loans and investments, inflows of deposits).</td>
</tr>
<tr>
<td><strong>Manage Interest-Rate Risk</strong></td>
<td>Members utilize FHLBNY funding to achieve asset/liability management goals by obtaining funding of the exact duration and structure required to meet their objectives.</td>
</tr>
<tr>
<td><strong>Invest In Infrastructure</strong></td>
<td>Members can utilize FHLBNY advances to fund an investment in infrastructure (i.e. Technology, Branching). There are many different advance structures to choose from depending on the project and the unique needs of a member.</td>
</tr>
<tr>
<td><strong>Contingent Funding</strong></td>
<td>Should a member experience sudden deposit outflow, they can quickly “backfill” using FHLBNY funding.</td>
</tr>
<tr>
<td><strong>Secondary Market Mortgage Sales</strong></td>
<td>CUs can sell long-term fixed rate mortgage production to the FHLBNY to mitigate interest rate risk and to generate additional fee income.</td>
</tr>
<tr>
<td><strong>Grant Programs</strong></td>
<td>CUs are active participants in our Homebuyer Dream Program (HDP®) and affordable housing Program (AHP ®).</td>
</tr>
</tbody>
</table>
The FHLBNY Housing and Community Lending Programs provide affordable housing opportunities to families and communities across the District and low-cost lending for projects to strengthen communities.

Help turn home-ownership and community development dreams into reality

**Community Lending Programs**

- Community Investment Program (CIP)
- Rural Development Advance (RDA)
- Urban Development Advance (UDA)

**Affordable Housing Program (AHP)**

**Homebuyer Dream Program™**
## Eligible Uses of CLP Funds

<table>
<thead>
<tr>
<th>Community Investment Program (CIP)</th>
<th>Rural Development Advance (RDA)</th>
<th>Urban Development Advance (UDA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>» Housing for families/ individuals with incomes at 115% or less of the area median income</td>
<td>» Finance Economic Development projects that benefit individuals or families at or below 115% of the area median income</td>
<td></td>
</tr>
<tr>
<td>» Finance facilities that benefit low- and moderate-income households:</td>
<td>- Project being financed must reside in a location (unit of general local government) with a population less than 25,000</td>
<td></td>
</tr>
<tr>
<td>- Provide services or permanent jobs for households with incomes at 80% or less of the area median income</td>
<td></td>
<td>- Project being financed must reside in a location (unit of general local government) with a population greater than 25,000</td>
</tr>
<tr>
<td>- Located in neighborhoods where at least 51% of the households have incomes at or below 80% of the area median</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Benefits of Community Lending Programs (CIP, UDA, RDA)

- Priced at the FHLBNY cost of funds
- Applicable to a wide range of community and economic development activities
- Reduce financing costs or community and economic development projects
- Flexible funding structures at favorable rates
- Long-Term advances available
- Match terms of the end-loan
- Members lock in cost of funds for entire term of loan
- Benefits families that do not exceed 80% of the area median income
- CRA friendly
Affordable Housing Program (AHP)

- Established in 1990 to promote affordable housing opportunities for households with incomes at or below 80% of area medium income in conjunction with community groups
- Funded out of FHLBNY net income (10% of FHLBNY’s net income)
- Provides subsidized funding (grants) to qualified affordable housing projects to support the creation and preservation of housing for lower income families and individuals

<table>
<thead>
<tr>
<th>Eligible Uses of AHP Funds</th>
<th>Who Can Access AHP?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds can be used for acquisition, construction or rehabilitation.</td>
<td>» FHLBNY members</td>
</tr>
<tr>
<td>» Rental housing</td>
<td>» Project sponsors in partnership with FHLBNY member:</td>
</tr>
<tr>
<td>- At least 20% of units reserved for households earning 50% or less of area median income</td>
<td>- Non-profit organization</td>
</tr>
<tr>
<td>» Owner-occupied housing</td>
<td>- State or local government agency</td>
</tr>
<tr>
<td>- Single family, two-family, condos, co-ops</td>
<td>- For profit affordable housing developers</td>
</tr>
<tr>
<td>- All units reserved for households earning 80% or less of area median income</td>
<td></td>
</tr>
</tbody>
</table>
Homebuyer Dream Program™ Overview

Provides down payment and closing cost assistance to first-time homebuyers

**HOMEBUYER DREAM PROGRAM™**

**REQUIREMENTS:**
- Household income cannot exceed 80% of area median income
- Buyer must meet a minimum equity investment threshold for home purchase
- FHLBNY may provide grant proceeds up to $14,500 to apply toward down payment and closing costs
- Purchaser must participate in qualified financial counseling (minimum of 6 hours)
- Residential 1-4 family
- Non-competitive, monthly enrollment periods

**BENEFITS:**
- Creates homeownership opportunities
- Provides residential lending opportunities
- Increases banking relationships
- Enhances CRA credit
- Creates partnerships with local non-profit organizations
- Not-for-profit housing agencies can receive up to $500 in reimbursement costs
- Enhances public relations and community position
Secondary Market Alternative

The FHLBNY offers the Mortgage Partnership Finance® (MPF®) Program as an alternate way for Participating Financial Institution (PFI) members to fund mortgages and be competitive in offering fixed-rate mortgage loan products.

- Transfer interest-rate risk to FHLBNY
- Maintain customer relationship
- Retain or release servicing
- Eliminate holding 30-Year FRM in your own portfolio
- No Loan Level Price Adjustments or Adverse Market Fees
- Receive servicing & credit enhancement fees

The "MORTGAGE PARTNERSHIP FINANCE" logo and the "MPF" logo are trademarks of the Federal Home Loan Bank of Chicago.
How Do We Do This?

- Competitive Upfront Pricing
- Member Receives an Additional Monthly Fee of 10 BPS Annualized
- 25 BPS Servicing Fee

Improves Your Profits
Mortgage Partnership Finance® Program

» Credit Unions are our largest growing segment due to:
  – Ability to gain experience in the secondary market for first time sellers
  – No volume requirements
  – No loan level price adjustments
  – Can utilize delegated underwriting and outsource mortgage loan servicing while still retaining customer relationship
  – Lack of risk-based capital requirement (changes in 2020 for CU’s with Assets > $500MM)
Advancing Housing Opportunity and Local Community Development

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Director Member Relations
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