



Purpose

To provide members with deeply discounted advances for financing eligible small business projects located in low- to moderate-income census tracts within the Federal Home Loan Bank of Chicago's (FHLBank Chicago) district. Eligible advances are priced below the FHLBank Chicago's Community Advance rate. The Discounted Community Small Business Advance is offered under FHLBank Chicago's Community Small Business Advance Program.

Program Requirements and Guidelines

- Members' loans must be for eligible small business projects located in Illinois or Wisconsin.
- The application must include documentation verifying the following:
 - The project qualifies for **both** indicated beneficiary types (Geographic and Activity Beneficiary).
 - Evidence that the interest rate charged to the member's customer on the underlying loan **does not exceed** the FHLBank Chicago's established limit of up to 7%.
- The member must execute the advance within 120 days from the date of application pre-approval from FHLBank Chicago (not the submission date of the application) and within 90 days of the closing date of the member's underlying loan.
- The estimated number of jobs created (anticipated) and/or retained (current employees) **must be stated** in the application.
- Applicable Limits:
 - Each member is limited to \$100,000 in interest rate subsidy, or such other limits as communicated by FHLBank Chicago
 - for the Discounted Community Small Business Advance program from, which, in the case of affiliated members under - the same holding company owning two or more members, such interest rate subsidy limit shall apply to all affiliated members in the aggregate.
 - Subsidy is available on a first-come first-served basis, and FHLBank Chicago will review applications in the order received.
 - The subsidy will be calculated based on the prevailing Community Advance rate in effect on the day of application approval.
 - Discounted Community Small Business Advances do not impact limits associated with other Community Advance programs.
- The interest rate charged to the member's customer on the underlying loan must not exceed 7%, or such other interest rate limit communicated from FHLBank Chicago from time to time.
- The advance is considered a match funding to a member's individual underlying loan. Portfolios are not eligible — one loan per application.
- Members must submit an application for an initial advance reserve approval which must include a certification of compliance with program requirements and guidelines.
- For restructured underlying member loans, member will be required to evidence that the restructured loan continues to meet program requirements and guidelines.
- For charged-off underlying member loans, the member may maintain the discounted advance for the full term; however, the member must provide notice of the charge-off within 90 calendar days of the charge-off event.
- When the member's customer prepays, participates, or syndicates an underlying loan, the member must report such change to FHLBank Chicago, and must repay the advance (with no pre-payment fee). However, a pre-payment penalty and fees may apply if such change to the underlying loan is not reported to FHLBank Chicago within the required reporting period (see Compliance section below for additional details).

Advance Structure

- 100bps interest rate discount applied to the prevailing interest rate for a Community Advance rate in effect on the day of advance execution with limited pass-through interest rate of up to 7% to member's customer on the underlying loan.
- Fixed rate, fixed term advance (A121); refer to Member Products Guide.
- Minimum advance size of \$100,000; maximum advance size may not exceed the amount of the underlying loan.
- Maximum advance size is limited by the member subsidy limit \$100,000 and cannot exceed such subsidy limit.
- Advance term is limited to a minimum of one year and a maximum of ten years; the term cannot exceed that of the member's underlying loan to customer.
- The underlying member loan cannot be greater than 90 days old at the time of advance settlement.
- The advance is subject to standard capital stock and collateral requirements.



Compliance

- Pursuant to submission of this application, member must certify to the following:
 - Confirmation of closing date, amount, interest rate, and term of the underlying loan to member's customer
 - Compliance with program terms and information provided at application/reservation approval.
- Loan status reporting penalty fees and interest charge related to member's underlying loans to customers: the member may be charged fees and/or interest if it does not report to FHLBank Chicago that the underlying loan to member's customer has been pre-paid, participated or syndicated, charged off, or restructured ("Loan Status Change) within ninety (90) calendar days from the date of the Loan Status Change. Such fees may include applicable prepayment fees and/or interest equal to the Community Development Advance rate that would have been applicable to the advance draw from the first date of the overdue Loan Status Change reporting, through the date of prepayment



Eligible Small Business Projects

Projects must meet both of the following criteria:

Eligibility	Project Requirements	How to Confirm Qualification
Geographic Beneficiaries	<ul style="list-style-type: none">The Small Business beneficiary must be located in FHLBank Chicago's districtThe principal place of business or the location of job creation/retention must be located in a census tract with a median income at or below 100% of the area median income (urban or rural).	<p>Go to www.ffiec.gov for census tract data for the business location.</p> <ul style="list-style-type: none">Click on Geocoding/Mapping SystemEnter address, then click "Search"Click "Get Census Demographic" <p>Results of "Tract Median Family Income" field will be used to determine eligibility.</p>
Activity Beneficiaries	Underlying small business borrower must be defined as a small business meaning 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 C.F.R. Part 121, or any successor provisions. Definition is based on type of business; size standards will be determined by annual receipts or number of employees. Consult with Community Investment staff or refer to the SBA website	<p>Go to SBA.gov to access SBA Table of Size Standard & find associated NAICS Code</p> <p>If qualified based on annual receipts, use most recent tax return or audited financial statements to verify receipts. If qualified based on number of employees, use recent reports from third-party payroll provider or quarterly reporting to state to confirm number of employees.</p>

1. General Information

Member Name: _____ Member Number: _____

Contact Person: _____ Title: _____

Telephone Number: _____ Extension: _____

Email Address: _____

2. Credit Information

Advance

Amount of Credit: _____

Term of Advance^(a): _____

Interest rate to be charged on the underlying loan to member's customer: _____ % (maximum 7%; include applicable underlying loan documentation^(b) to evidence the rate being charged).

(a) Term of advance requested from FHLBank Chicago must not exceed term of underlying loan to member's customer.

(b) Active underlying loans must have been closed no more than **90 days** prior to receiving the Discounted Community Small Business Advance.



3. Project Information

Purpose of Financing (Check one of the boxes below)

- ☐ New Construction ☐ Acquisition/Purchase ☐ Refinance ☐ Rehabilitation ☐ Working Capital
☐ Other (Specify): _____

Is the project located in a rural area? (Check one of the boxes below)

- ☐ Yes ☐ No

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

4. Project Type

Purpose of Financing (Check one of the boxes below)

- ☐ 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 (Required if "Mixed-Use" was checked in section 4)

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 (Provide number of jobs and check one of the boxes below)

Number of jobs created or retained: _____ (Required)

- | | | | | |
|---|--|--|---|--|
| <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. All projects must qualify under A and B below:

(Check box for Part A **AND** Part B. Provide NAICS Code, Industry Description, AND Associated Size Standard - either Annual Receipts or Number of Employees)

A. Geographically Defined Beneficiaries

- ☐ The project is located in a census tract with a median income at or below 100% of the area median income: (AMI). Applications must include project address and AMI on attached worksheet for the qualified geographically defined beneficiary

B. Activity Beneficiaries

NAICS Code: _____ NAICS Industry Description: _____

- ☐ The project meets the Small Business Administration (SBA) definition of a small business. Applications with qualified activity beneficiaries must use either annual receipts or number of employees for each business, determined by SBA Table of Size Standard. Provide NAICS Code, Industry Description, and Associated Size Standard.

Annual Receipts: _____ OR Number of Employees: _____



8. Authorized Signature

The undersigned, a duly authorized officer (Advance Transact Authority) and signatory of the Member, acting with full authority to execute this Application and bind the member to the terms of the product, hereby represents and warrants to FHLBank Chicago that:

- (1)The information provided in this application is true, complete, and accurate and appropriate steps were taken to ensure its accuracy.*
- (2)The Project described in the Application meets the eligibility requirements of the Discounted Community Small Business Advance under FHLBank Chicago's Community Small Business Advance Program (collectively, the "Program").*
- (3)The Member acknowledges that if the Bank determines – subsequent to funding of the advance related to the Project – that the Project does not meet one or more Program eligibility requirements, then the Bank may request repayment of any advances issued under the Program from the member. The Bank may also charge the member with prepayment fees, and/or with interest in an amount equal to the Community Development Advance rate that would have been applicable to the advance draw from the ineligibility date through the date of prepayment.*
- (4)The Member acknowledges that if the underlying member loan related to the Project is prepaid, participated, or syndicated, then the member will report the change to FHLBank Chicago within 90 calendar days. The member further acknowledges that if the member does not report this change within the required timeline, then FHLBank Chicago may request prepayment of any advances related to the Project issued under the Program from the member, may charge the member with prepayment fees, and may also charge the member with interest in an amount equal to the Community Development Advance rate that would have been applicable to the advance draw from the first date of overdue loan status reporting, through the date of prepayment.*
- (5)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 FHLBank Chicago.*
- (6)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, FHLBank Chicago targeting requirements, the borrower certifies that compliance with the criteria of such federal economic development program meets FHLBank Chicago requirements.*
- (7)Notwithstanding anything to the contrary in agreements or other documentation executed between the Member and FHLBank Chicago, the Member understands, acknowledges, and hereby agrees that the Bank may, at its sole discretion, disclose information about the Project included within the Application, which may include the name of the Member and any third-party associated with the Project in any press release, marketing materials, or any other reports or materials prepared by FHLBank Chicago.*
- (8)The Member hereby agrees that the Member and/or any third party participating in the Project shall include the name of FHLBank Chicago in any press release, marketing materials, or anything similar thereto related to the Project ("Publicity"). Such Publicity shall specifically include the name and/or logo of FHLBank Chicago in association with and an accurate and sufficient detailed description of FHLBank Chicago's role in the Project. Prior to any dissemination of the Publicity, the Publicity shall be provided to Casey Reidy and the FHLBank Chicago's Communications Team via email at creidy@fhlbc.com and communications@fhlbc.com and 5 days prior to publication. FHLBank Chicago shall also be provided notice of any public events involving the Eligible Activity via email to creidy@fhlbc.com and communications@fhlbc.com.*

Authorized Signature: _____

Officer Name (please print): _____

Officer Title: _____ Date: _____

Email the fully completed application to MTD@fhlbc.com

Questions? Contact Member Transaction Desk at 855.345.2244, option 1

Allow a minimum of 24 to 48 hours processing time for application approval



Small Business Project Worksheet ^(c)

AMI %: _____

Name of Borrower/Business: _____

Loan Amount: _____

Business Type: _____

Address: _____

City: _____

County: _____

State: _____

ZIP+4 Code: _____

Loan Date ^(d): _____

Loan Term: _____

(c) A member-generated form is acceptable, provided that it includes all of the above data fields.

(d) A previously originated loan must have been closed no more than **90 days** prior to receiving the Discounted Community Small Business Advance.

Email the fully completed application to MTD@fhlbc.com

Questions? Contact Member Transaction Desk at 855.345.2244, option 1

Allow a minimum of 24 to 48 hours processing time for application approval