



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

*Building Partnerships. Serving Communities.*

**COMMUNITY INVESTMENT CASH ADVANCE (CICA)  
2008 COMMUNITY LENDING PLAN**

Board approved on January 24, 2008

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## 1: Background

In 1998, the Federal Housing Finance Board adopted the Community Investment Cash Advance (CICA) regulation to provide FHLBanks an avenue for expanding community investment initiatives.

The CICA regulation requires each FHLBank to develop a Community Lending Plan. This plan is to be approved by the FHLBank's board of directors and requires each FHLBank to

1. conduct market research in its district,
2. describe how it will address the identified credit needs and market opportunities,
3. consult with its Advisory Council, members, nonmember borrowers, and public and private economic development organizations in its district, and
4. establish quantitative community lending performance goals.

The CICA regulation defines "community lending" as "providing financing for economic development projects or activities for targeted beneficiaries." The FHLBI's 2008 Strategic Plan, the 2008 Affordable Housing Program Implementation Plan, and this plan will provide a comprehensive approach to serving our members using all of the FHLBI's products and services. This approach is highlighted in our mission as follows.

### Mission

The FHLBI helps families afford housing by partnering with member financial institutions located in Indiana and Michigan to meet their funding needs for both residential mortgage loans and loans to support the economic growth of their communities. The FHLBI also provides grants for building and rehabilitating low-income housing. The FHLBI expects to deliver a market return on the equity investment by its member/owner institutions.

### Strategic Objectives

Remain the leading provider of wholesale funds for member institutions.

Provide an attractive secondary market outlet to members wishing to sell mortgage loans.

Deliver funding solutions designed to specifically assist low- to moderate-income families afford decent, safe, and affordable housing and to promote economic growth of local communities.

Provide a return on the members' equity investment that reflects the FHLBI's risk profile and makes ownership of FHLBI stock a desirable investment alternative.

## 2: Market Needs Assessment

In 2005 the FHLBI conducted a district-wide member survey. One hundred fifty institutions responded to questions covering a wide range of eight FHLBI department/product categories including Credit (Advances), Cash Management, Member Link, and Community Investment. The survey indicated a general lack of knowledge exists within the district regarding community investment programs and services. The Community Investment staff continues to focus on one-on-one member meetings to increase knowledge of FHLBI's programs within our customer base.

### **3: Affordable Housing Program (AHP)**

Staff conducted its annual survey of members and sponsors to obtain input into the AHP scoring and the "homeownership initiatives" or set-aside programs. This input was very important in making changes to the homeownership initiatives programs and provided valuable input to the Affordable Housing Advisory Council (AHAC) as it evaluated and proposed changes to the 2008 Implementation Plan.

In October, 2006 a final rule was issued for the AHP. This rule includes the ability to institute a risk-based monitoring plan for AHP projects. This change will greatly improve the efficiency of the monitoring system by relying on other major funding sources, i.e., low-income housing tax credits. Staff will work in conjunction with the Advisory Council and Board Affordable Housing Committee to implement this plan in 2008.

### **4: Marketing, Outreach and Community Support**

In addition to one-on-one member training, staff has worked to coordinate meetings that include other community economic development partners such as state housing finance agencies, state community development trade organizations and the USDA, at the request of our member institutions. This enables our members to get a broader view of the types of products and services that exist to help meet their community development goals and to create new business opportunities. Staff plans to continue this type of outreach in the future. The 2008 outreach and training calendar includes two full-day trainings sponsored by the Michigan Association of Community Bankers and the Indiana Bankers Association. In addition, we will attend the state affordable housing conferences in our district as well as conferences sponsored by organizations involved in community development. We also will offer a series of webinars regarding CICA lending and AHP. In conjunction with the FHLBI's marketing representatives, opportunities for affordable housing and community investment for our members are continually identified.

### **5: Homeownership Initiatives Programs (set-aside programs)**

The FHLBI will continue contributing the maximum 35% allowable for 2008. FHLBI will continue to allocate these programs' *Express* funding in two rounds (spring and fall) to allow additional opportunities for our member institutions to utilize funding.

## 6: 2007 Goals

Goals	Accomplishments
\$50 million new originations in CIP advances	\$133.3 million in new originations.  Based on district foreclosure rates, a CIP offering called HomeRetain was developed and promoted to members to provide advances for households at 115% or less of AMI at risk of foreclosure. Up to \$100 million in refinancing and mortgage modification was made available.
Continued focus on increasing the number of members participating in community investment programs by further developing "member focused" consultations on affordable housing and community development opportunities.	3 members were first-time AHP awardees in 2007, representing 15.7% of the members (19) receiving 2007 AHP awards. In addition to several member calls and consultations, CID staff presented a community investment track at 3 regional member meetings and attended the MPP conferences in Indiana and Michigan.
Increase CFI lending (advances) and letters of credit by \$25 million. Letters of credit will be available to credit enhance bond issues for residential housing finance and taxable community economic development projects, and to facilitate member asset/liability management and liquidity.	CFI advances increased \$733.2 million during 2007. CIP letters of credit issued to CFIs increased \$8.2 million.

## 7: 2008 Goals

Goals for 2008 are as follows.

- Expand outreach and training to further develop participants in affordable housing and community investment programs. Partner with members, housing associates, member trade organizations, and economic development organizations to develop affordable housing and community development opportunities.
- Achieve a target of 3 new AHP member participants and 3 new HOP/NIP member participants.
- Achieve a target of \$50 million new originations in CIP advances.
- Promote the use of HomeRetain, making modifications as necessary to respond to district needs.
- Increase CFI lending (advances) and letters of credit by 5%. Letters of credit will be available to credit enhance bond issues for residential housing finance and taxable community economic development projects, and to facilitate member asset/liability management and liquidity.