



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

January 30, 2007

Charles McLean
Office of Supervision
Federal Housing Finance Board
1777 F Street NW
Washington, D.C. 20006

RE: 2007 Community Lending Plan

Dear Charles:

We are pleased to enclose the above referenced document for your review. This plan has been approved by the FHLBI Board of Directors. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Patricia Gamble Moore".

Patricia Gamble-Moore
Vice President Community Investment Officer
Phone: 317-465-0368
Fax: 317-465-0376
pgamble@fhlbi.com



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

**COMMUNITY INVESTMENT CASH ADVANCE (CICA)
2007 COMMUNITY LENDING PLAN**

Board approved June 25, 2007

Federal Home Loan Bank of Indianapolis
Community Investment Department
8250 Woodfield Crossing Blvd.
Indianapolis, IN 46240
Phone: 317-465-0371
Toll-free: 800-688-6697
Fax: 317-465-0376
www.fhlbi.com

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 2005-2007 Strategic Plan, the 2007 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

Be the dominant provider of wholesale funds for member institutions.

Become a preferred secondary market outlet for members wishing to sell mortgage loans.

Deliver funding solutions designed to specifically assist low- to moderate-income families afford reasonable housing and to promote economic growth of the local communities.

Offer 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. Community Investment continues to focus on one-on-one member meetings to increase programmatic knowledge within our customer base.

3: Affordable Housing Program (AHP)

Staff conducted its annual survey to members and sponsors to obtain input into the AHP scoring and the “homeownership initiatives” or set-aside programs. This input was very important in the programmatic 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 2007 Implementation Plan. In addition, members and sponsors were allowed to call in to speak with subcommittee members as they met to discuss the 2007 Implementation Plan to communicate concerns, ideas and suggestions for new scoring criteria.

In October, 2006 a final rule was issued for the AHP. This new 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 to implement this plan in 2007.

4: Marketing, Outreach and Community Support

In addition to one-on-one member training, staff has worked to coordinate meetings which 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 which exist to help meet their community development goals and to create new business opportunities. Staff hopes to do more of this type of outreach in the future. One is to be held in Saginaw in January. In conjunction with the FHLBI's marketing sales representatives, opportunities for affordable housing and community investment opportunities for our members are continually identified.

5: Homeownership Initiatives Programs (set-aside programs)

The FHLBI will continue contributing the maximum 35% allowable for 2007. FHLBI will continue to allocate these programs' funding in two rounds (spring and fall) to allow additional opportunities for our member institutions to utilize funding.

6: 2006 Goals

Goals	Accomplishments
\$50 million new originations in CIP advances	\$155 million in new originations.
Support community financial institutions' efforts to provide funding for the purposes of multi-family housing, small business, small farm, or small agri-business by increasing advances (regular and CIP) and letters of credit for these purposes by \$25 million per year	<ul style="list-style-type: none"> ▪ \$17 million letters of credit issued on behalf of CFI members. ▪ \$44 million issued in fixed-rate bullet and amortizing advances to CFIs to support small business, farm, small agri-business and housing-related lending.

7: 2007 Goals

Goals for 2007 are as follows.

- 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.
- Achieve a target of \$50 million new originations in CIP advances.
- 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.