The logo features a large, stylized number '20' in a blue, three-dimensional font. To the right of the '0', the word 'YEARS' is written in a smaller, blue, sans-serif font. Below 'YEARS', the words 'Affordable' and 'Housing Program' are stacked vertically in a blue, serif font. The 'A' in 'Affordable' is slightly larger than the other letters.

20 YEARS
Affordable
Housing Program

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Affordable Housing Advisory Council

2009 Annual Report



HABITAT FOR HUMANITY OF SAGINAW

Saginaw, Michigan

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM

2009 AFFORDABLE HOUSING ADVISORY COUNCIL



FRONT LEFT TO RIGHT:

James Davis – Vice President of Finance, CFO, LaCasa, Inc., Goshen, IN;
Sally Harrison – Director, Rental Development and Homeless Initiatives, Michigan State Housing Development Authority, Lansing, MI

MIDDLE LEFT TO RIGHT:

Jacquelyn Dodyk - Vice Chair, Executive Director, Affordable Housing Corporation, Marion, IN; **Harold Mast** - Chair, Executive Director, Genesis Non-Profit Housing Corp., Grand Rapids, MI

STANDING LEFT TO RIGHT:

Michelle LaJoie – Housing Assets Director, Chippewa-Luce-Mackinac Community Action Human Resource Authority, Inc., Sault Ste. Marie, MI; **Mark Lindenlaub** – President, Housing Partnerships, Inc., Columbus, IN; **Angela Gaabo** – Executive Director Com. Economic Development Association of Michigan, Lansing, MI; **Jack Brummett** – Regional President, Great Lakes Capital Fund, Indianapolis, IN; **Tahirih Ziegler** – Executive Director, Local Initiatives Support Corp. (LISC), Kalamazoo, MI; **J. Jacob Sipe** – Community Development Supervisor, Indiana Housing and Community Development Authority, Indianapolis, IN

NOT PICTURED:

Reverend Adrian M. Brooks, Sr. – Chief Executive Officer, Memorial Community Development Corp., Evansville, IN; **Timothy Lemanski** – Chief Executive Officer, Kalamazoo Neighborhood Housing Services, Inc., Kalamazoo, MI

2009 BOARD OF DIRECTORS AFFORDABLE HOUSING COMMITTEE



SEATED LEFT TO RIGHT:

Tim Gaylord – President & CEO, Mason State Bank, Mason, MI; **Christine Coady** – President & CEO, Michigan Interfaith Trust Fund, Lansing, MI

STANDING LEFT TO RIGHT:

Elliot Spoon – Assistant Dean for Career Development & Professor of Law in Residence, Michigan State University College of Law, East Lansing, MI; **Paul Clabuesch** – Director Emeritus, Thumb National Bank & Trust, Pigeon, MI; **Carl Liedholm** – Professor of Economics, Michigan State University, East Lansing, MI; **Larry Swank** – President & CEO, The Sterling Group, Mishawaka, IN; **Jonathan Bradford** – President & CEO, Inner City Christian Federation, Grand Rapids, MI; **Mike Hannigan** – President, The Hannigan Company, LLC, Indianapolis, IN; **Charles Crow** – Chairman, President & CEO, Community Bank, Noblesville, IN

Message from the Advisory Council Chair

Legislation enacted in August 1989 created the Affordable Housing Program (AHP), with the first grants awarded in 1990. To recognize the AHP's 20th anniversary, the National Housing Conference has named the AHP the 2010 "Housing Program of the Year." A gala on June 9 will honor the AHP and the \$4 billion it has distributed to affordable housing projects in thousands of communities across the United States. In my daily work at Genesis Non-Profit Housing Corp., I see firsthand the profound effect that the AHP has on the lives of people in my local community of Grand Rapids and was pleased to share that story with the FHLBI's Board of Directors during a tour of housing initiatives this past July.



Harold J. Mast

The FHLBI had record AHP funding for 2009, which allowed more dollars to flow into our communities. To ensure that these dollars were the most useful, the Council recommended approval of a new Implementation Plan, creating two more set-aside programs: the Refinance Assistance Program and Neighborhood Stabilization Assistance. These programs are designed to respond to the foreclosure crisis while leveraging the Neighborhood Stabilization Program stimulus funding offered by the federal government. Additionally, minor changes to the AHP competitive grant scoring were made, allowing sponsors to continue with project plans that had been stalled because of the economic downturn.

The Council and community investment staff agreed to expand outreach events with face-to-face workshops for members and sponsors held in Michigan and Indiana between the 2009A and 2009B rounds. This effort resulted in increased attendance of 300 percent in Michigan and 250 percent in Indiana at these workshops. We were also encouraged by the number of members participating in the AHP and the set-aside programs for the first time.

In 2010, the Council and staff will work together to identify the pipeline of potential AHP projects in need of targeted technical assistance while helping members partner with viable potential projects. This is an important goal because of the recent loss of larger financial institution members, particularly in Michigan. We will continue to work to increase attendance at our training events to ensure that nonprofit groups and members understand the value of the FHLBI's programs to their communities.

I was proud to represent the Advisory Council – along with Vice Chair Jacquelyn Dodyk – at an Affordable Housing and Community Investment Forum sponsored by the Federal Housing Finance Agency (FHFA), regulator for the FHLBanks. Representatives from the 12 FHLBank districts spent two days reviewing the challenges of the FHFA, providing feedback and recommendations for further consideration in developing regulatory standards. I am hopeful the FHFA continues to call on similar representatives from the Advisory Councils in the future.

I have been grateful for the opportunity to serve on the Affordable Housing Advisory Council for the past six years and encourage more organizations to work hand in hand with FHLBI members to improve housing conditions in Indiana and Michigan. I will continue to be an advocate for improvements in how affordable housing is financed in our communities and will always hope for an improved financial climate.

Sincerely,

A handwritten signature in black ink that reads "Harold J. Mast". The signature is written in a cursive, flowing style.

Harold J. Mast
Advisory Council Chair



In 2005, Habitat for Humanity of Saginaw was awarded an AHP grant to conduct a blitz build of seven homes for families previously living in substandard or transitional housing. Pictured on page 1 is one of the homeowners and her child enjoying their new home.

Message from the President

We're honored that the National Housing Conference in Washington, D.C. has named the Federal Home Loan Banks' Affordable Housing Program (AHP) "Housing Program of the Year" to celebrate its 20th anniversary. Funded annually with 10 percent of each FHLBank's earnings, the AHP has grown to be the largest source of private sector grants for housing and community development in the country, disbursing \$4 billion to organizations through member institutions and creating 670,000 homes. Our members and their partners can be proud of the investment that they are making in their neighborhoods, and the FHLBanks are committed to supporting them in their efforts.



Milton J. Miller

Locally in the FHLBI's district, \$150 million in AHP subsidies have been at work during the last 20 years redeveloping abandoned buildings, building shelters, renovating homes, and building new ones. Habitat for Humanity, for example, was among the first users of AHP and has been awarded \$13.1 million to build 1,870 homes for families living in transitional or substandard housing. FHLBI staff have volunteered for several Habitat builds over the years and will celebrate AHP's anniversary this summer by constructing wall panels for a home that a family will receive the keys to later in October.

The FHLBI's record income in 2008 allowed us to award more subsidies in 2009 than were awarded in recent years. For the competitive AHP, \$14.9 million was available for disbursement and another \$8.1 million was distributed through homeownership initiatives, such as the Neighborhood Improvement and Homeownership Opportunities Programs. We are pleased that Brotherhood Mutual Insurance Company in Ft. Wayne, IN, has partnered with Ft. Wayne Rescue Mission Ministries to develop Charis House, which will provide food, clothing, shelter, and life-changing programs for women and children who are homeless or suffering from mental illness, addictions, trauma, or physical abuse. This initiative has the distinction of being the first project by an insurance company to be awarded an AHP grant in the Federal Home Loan Bank System.

Additionally, it is notable that four member institutions that had not previously participated in the AHP were awarded grants in 2009, with another three awards going to members that had not submitted an application in the last five years. The homeownership initiative programs also experienced growth with three new participants. We appreciate our members' interest in the AHP and encourage more members to become involved. With foreclosure and unemployment rates still running high, people need more affordable housing opportunities and assistance with home repairs and refinancing.

In this 20th year of AHP, I want to express my gratitude to past and present members of our Affordable Housing Advisory Council. Their dedicated and caring service through the years has helped to guide this hallmark of the System into the effective program that it is today. The FHLBI will continue to rely on their expertise and guidance to further promote the AHP, which in the current stressed housing market is more relevant than ever.

Sincerely,

A handwritten signature in black ink that reads "Milton J. Miller". The signature is fluid and cursive.

Milton J. Miller
President & CEO

20 YEARS
Affordable
Housing Program

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM

SUMMARY OF PROGRAMS

Affordable Housing Program

The FHLBI delivers funding solutions designed to specifically assist low- to moderate-income families obtain safe, decent, and affordable housing and to promote economic growth in communities in Indiana and Michigan. FHLBI staff conducted community investment workshops in both states during 2009, each attended by approximately 60 people. These sessions provided one-on-one consultations for members/sponsors intending to apply for an upcoming AHP round. Staff provided additional outreach to numerous member financial institutions and sponsor organizations as speakers or panelists for training sponsored by state housing finance authorities, housing conferences, member trade organizations, and community action groups. Three members became new set-aside participants and four AHP applications were awarded to members who applied in 2009 for the first time. On behalf of the Affordable Housing Advisory Council, we would like to thank each member and sponsor for their support of these programs throughout the year.

Through two competitive offerings, \$14.9 million in AHP subsidy was awarded to create or preserve 926 units of affordable owner-occupied or rental housing with 32 members submitting 73 applications. Since the program's inception in 1990, the FHLBI has awarded a cumulative total of \$150 million to create over 21,000 units of affordable housing.

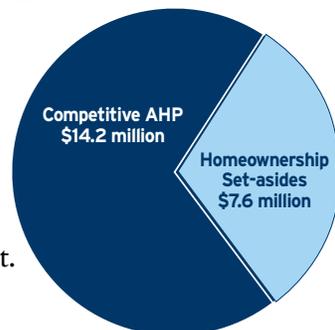
Homeownership Initiatives

In the 2009 program year, \$8.1 million was disbursed as down payment and closing cost assistance or homeowner rehabilitation grants through HOPE*Express*, NIP*Express* and NSA. These funds were disbursed through 58 members to help more than 1,400 individuals and families become homeowners or maintain their existing homes.

Program requirements and amounts vary but grants are typically \$3,000 to \$10,000 per household. Although funds from the FHLBI may be used only once per household, the funds may be paired with other grant programs such as HOME or CDBG. Households must be at or below 80% of the area median income to qualify and working either directly with an FHLBI member institution or a member in association with a nonprofit housing agency.

Community Investment Program

The Community Investment Program (CIP) encourages members to increase their involvement in housing and community-based economic development. In 2009, \$67.9 million was disbursed through 13 member institutions. The FHLBI also issued over \$63 million in letters of credit to provide credit enhancement for low- to moderate-income rental and community economic development projects. CIP advances and letters of credit funded a variety of projects including the purchase of a community healthcare clinic in LaPorte, Indiana, the funding of equipment purchases for a screw machine parts manufacturer in Lapeer, Michigan, and the refinance of single-family mortgages at risk of foreclosure throughout the district.



2009 Allocation of Community Investment Resources
based on 2008 earnings

FHLBI AHP/HOMEOWNERSHIP INITIATIVES AWARD SUMMARY 2005-2009 (\$ in millions)

YEAR	2005	2006	2007	2008	2009
AHP SUBSIDY	\$8.4	\$9.3	\$9.1	\$9.6	\$14.9
AHP UNITS	954	973	871	566	926
HOP/NIP SUBSIDY	\$5.6	\$5.0	\$4.3	\$5.7	\$8.1
HOP/NIP UNITS	1,250	1,168	1,549	1,113	1,425

Includes funds recaptured from previous rounds.

FHLBI CIP INITIATIVES SUMMARY 2005-2009 (\$ in millions)

YEAR	2005	2006	2007	2008	2009
CIP	\$112.1	\$154.9	\$133.3	\$160.50	\$67.9



VERNE BARRY PLACE
Grand Rapids, Michigan

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM

AFFORDABLE HOUSING PROGRAM

Grants awarded through the Affordable Housing Program (AHP) have been helping to house thousands of individuals and families for 20 years. The program, created from legislation signed in July 1989, disbursed its first grants in 1990. For the FHLBI, the first round of funding awarded \$2.1 million to 12 member institutions. These dollars supported 152 rental and 162 owner-occupied homes throughout Indiana and Michigan.

In 2009, AHP granted over \$14.9 million to fund 31 projects, creating 926 units of affordable housing.

Nonprofit organizations, for-profit developers and public entities partner with an FHLBI member institution to apply for the competitive AHP grants. Each application is competitively scored based on a 100 point scale. The average score in 2009 was approximately 62 points.

The community investment department is committed to helping applicants determine application readiness. Through consultations, several web-based training sessions and telephone helplines, applicants are counseled on the most appropriate time to apply based on the status of the development process.

Spotlight on AHP

Inner City Christian Federation (ICCF) in Grand Rapids, MI, has been a long-time user of the AHP, submitting its first application in 1990 when the program was initiated. Jonathan Bradford, President & CEO of ICCF since 1981, closely followed the legislation in 1989 that created the AHP and immediately began looking for a project that could benefit from AHP subsidies. He soon purchased the Madison Apartments (pictured at right) near ICCF headquarters and rented the apartments to very low-income families.

In the last two decades, ICCF has received \$1.1 million in AHP subsidies for 10 projects that created 170 units of affordable housing. Why does Bradford continue to use the AHP? "It's really for the same reason now that it was in 1990. The AHP money is rarely the biggest piece of the funding but it's always the final money to fill the gaps that make the other funding sources work together."



Children from the Boys & Girls Clubs in Bloomington, IN, plant flowers at the Rev. Butler Housing Complex. An AHP grant in 2006 funded both exterior and interior improvements.



Inner City Christian Federation (ICCF) in Grand Rapids, MI, submitted its first application in 1990 to help purchase Madison Apartments, two brick buildings built in the 1920s located near ICCF's headquarters. Nearly 18 years later, ICCF received another AHP grant to assist with updating and renovating the 19 apartments, now known by their original name – Carmody Apartments.



In 2008 Verne Barry Place in downtown Grand Rapids opened its doors to provide housing and supportive services to the homeless, along with live/work spaces on the ground level to help revitalize the Heartside neighborhood. "Our dream should be that the least in our midst need no longer be forgotten, but given hope."

VERNE BARRY



An AHP grant in 2007 helped to renovate Rouge Woods Apartments in Detroit to spur interest in revitalizing commercial property in the blighted area. Residents of these one- and two-bedroom garden-style units have access to a fitness room and laundry facility.



The children of Charis House break ground on their new home in Ft. Wayne, IN. Charis House provides food, clothing, shelter and life-changing programs for homeless women and their children. An AHP grant awarded in 2009 to Brotherhood Mutual Insurance Company became the first partnership between a nonprofit and an insurance company member.



An abandoned school building can be a blight in a neighborhood, becoming a target for vandalism and reducing property values.

With the support of the surrounding businesses and residents, as well as an AHP subsidy awarded in 2003, Mary Phillips School in Mishawaka, IN, was redeveloped into affordable senior housing. The project focused on preserving the interior and exterior architectural details of the building and adding landscaping and a parking lot on the former playground.



MARY PHILLIPS
Mishawaka, Indiana

2009 AFFORDABLE HOUSING PROGRAM AWARDS

INDIANA

CHARLESTOWN

Hawthorn Glen Supported Living-\$750,000

Your Community Bank

- Sponsor: Rauch, Inc.
- 12 rental units

In the first of five phases, four buildings with three units each to be constructed. Each unit will contain a bedroom and bath with tenants in each house sharing a common living area, kitchen, laundry room and porch/patio space.

COLUMBIA CITY

Habitat for Humanity of Whitley County-\$56,000

STAR Financial Bank

- Sponsor: Habitat for Humanity of Whitley County
- 4 homeownership units

Four single-family homes constructed in the first phase. Each home will have two to five bedrooms with one or two bathrooms.

CORYDON

Wyandotte House-\$294,182

First Harrison Bank

- Sponsor: Blue River Services, Inc.
- 10 rental units

Construction of a home for 10 male children aged 6 to 18 years. Residents will be taught discipline in a safe, structured environment with emphasis on rewarding positive behavior and building self-esteem.

DANVILLE

Sheltering Wings Expansion Project-\$750,000

Lincoln Bank

- Sponsor: Sheltering Wings Center for Women
- 24 rental units

Expansion of a current facility that provides emergency and transitional housing for victims of domestic violence. Additional space will house another 24 clients for a total capacity of 68.

ELKHART/GOSHEN

A Hand Up-\$90,000

1st Source Bank

- Sponsor: Habitat for Humanity of Elkhart County, Inc.
- 6 homeownership units

Three- and four-bedroom homes with appliances, energy-efficient furnaces and tankless water heaters. Each home will have a storage shed and porch or patio.

EVANSVILLE

Shadewood Place Development-\$285,000

First Federal Savings Bank of Evansville

- Sponsor: Habitat for Humanity of Evansville
- 19 homeownership units

First phase of the Glenwood Community Development Initiative, which will construct 19 Habitat homes in one neighborhood.

FORT WAYNE

Charis House-\$750,000

Brotherhood Mutual Insurance Co.

- Sponsor: Ft. Wayne Rescue Mission Ministries
- 70 rental units

New 70 bed facility for women and their children. Each of the three wings will offer a kitchen, laundry facility, sitting/living area and office.

Liberty Landings-\$365,000

National Bank of Indianapolis

- Sponsor: Volunteers of America of Indiana
- 49 rental units

A vacant commercial property adapted to provide transitional housing for homeless veterans. Residents will receive work readiness training and employment education.

GREENCASTLE

Millstone Pointe-\$600,000

State Bank of Lizton

- Sponsor: Milestone Ventures, Inc.
- 31 rental units

Construction of one-, two- and three-bedroom apartments for individuals and families, including those with disabilities.

INDIANAPOLIS

Crown Pointe Apartments-\$665,200

National Bank of Indianapolis

- Sponsor: Partners in Housing Development Corp.
- 35 rental units

Rehab of 40 efficiency, one- and two-bedroom apartments to accommodate mainly chronically mentally ill and homeless individuals.

Linwood Manor-\$750,000

National Bank of Indianapolis

- Sponsor: Partners in Housing Development Corp.
- 28 rental units

One-bedroom apartments for homeless veterans with special needs. Supportive services will focus on education, literacy and employment training.

Penwood Place-\$700,000

Bloomfield State Bank

- Sponsor: Visiting Nurse Services, Inc.
- 35 rental units

One- and two-bedroom apartments for the elderly. A handicapped-accessible community center and wellness center will be available.

St. George Apartments-\$550,000

National Bank of Indianapolis

- Sponsor: Partners in Housing Development Corp.
- 60 rental units

Revitalization of 60 studio apartments for individuals with special needs, including those with bipolar disorder or schizophrenia. Residents will pursue education interests and receive employment training and mentoring.

MISHAWAKA

River View 500 Supportive Services Center-\$750,000

1st Source Bank

- Sponsor: Mishawaka Housing Authority & Community Development
- 113 rental units

One-bedroom apartments with 23 reserved for those with special needs. Supportive services include assistance with food preparation, laundry and apartment cleaning, as well as continuing education and employment opportunities.

TCC Group Home-\$160,115

1st Source Bank

- Sponsor: Family & Children's Center, Inc.
- 10 rental units

A single-family home is being converted into housing for severely emotionally disturbed children and adolescents and their families in residential programs ranging from secure care to independent living.

PRINCETON

Cape Place-\$300,000

Integra Bank NA

- Sponsor: Community Action Program of Evansville & Vanderburgh County
- 28 rental units

Phase II of Brumfield Apartments, a scattered-site project to build 28 units with a portion of the units set aside for individuals with special needs.

2009 AFFORDABLE HOUSING PROGRAM AWARDS

RICHMOND

Dunn Center Supportive Housing-\$750,000

First Bank Richmond, N.A.

- Sponsor: Dunn Community Mental Health Center, Inc.
- 60 rental units

One-bedroom apartments for special needs clients, including the homeless, persons recently released from prison, women who are victims of domestic violence and those suffering from alcohol and drug abuse.

SOUTH BEND

West Side Community Revitalization Project-\$82,760

1st Source Bank

- Sponsor: Habitat for Humanity of St. Joseph County
- 8 homeownership units

Two-, three-, four- and five-bedroom homes will be built on the west side of South Bend by mid-2010.

TERRE HAUTE

Providence Hall-\$750,000

Terre Haute Savings Bank

- Sponsor: Sisters of Providence of Saint-Mary-of-the-Woods
- 46 rental units

Renovation of campus building to make it fully accessible and energy efficient while preserving its historic nature. A full-service dining room, common spaces and computer access will be available.

WALKERTON

Walkerton Senior Housing-\$150,000

1st Source Bank

- Sponsor: Housing Assistance Office, Inc.
- 8 rental units

New affordable senior housing duplexes with garages. The site is conveniently located near a grocery store, post office, bank, restaurants and other conveniences.

Walkerton West York Redevelopment-\$556,750

1st Source Bank

- Sponsor: Housing Assistance Office, Inc.
- 40 rental units

Current apartment units will be demolished and 40 lease/purchase homes will be constructed to allow residents an opportunity to become homeowners over the long term by being responsible tenants.

WASHINGTON

Covered Bridge Apartments-\$750,000

Merchants Bank of Indiana

- Sponsor: Four Rivers Resource Services, Inc.
- 24 rental units

New one-, two- and three-bedroom apartments will feature energy-efficient appliances in an area in southern Indiana designated for revitalization.

WEST TERRE HAUTE

Providence Place Phase V-\$750,000

Terre Haute Savings Bank

- Sponsor: Providence Housing Corp.
- 10 rental units

Two-bedroom apartments for individuals and couples aged 55 and older. One unit will be accessible to persons with physical mobility limitations and one will be for those with sensory impairments.

MICHIGAN

ALPENA

Hope House 1 & 2-\$700,000

Independent Bank

- Sponsor: Child & Family Services of NE MI, Inc.
- 23 rental units

Renovation of a community college campus building to house teenage girls referred by the court systems. Programs will focus on dealing with personal, home, school, peer and community issues.

ANN ARBOR

Parkhurst Apartments-\$470,000

Bank of Ann Arbor

- Sponsor: Avalon Nonprofit Housing Corp.
- 47 rental units

Revitalization of one-, two- and three-bedroom apartments with ten units reserved for those with special needs. Supportive services include employment training and financial literacy.

S. Division Ann Arbor-\$160,000

Bank of Ann Arbor

- Sponsor: Avalon Nonprofit Housing Corp.
- 16 rental units

Rehab of a project receiving AHP funding 15 years ago and now in need of facility upgrades.

HANCOCK

Quincy Haven Apartments-\$171,379

Range Bank, N.A.

- Sponsor: Hancock Housing Foundation
- 24 rental units

A special needs supportive housing facility designed for physically disabled individuals with 5 units reserved for the homeless.

LINDEN

Gateway Manor Apartments-\$495,000

Fifth Third Bank

- Sponsor: Venture, Inc.
- 32 rental units

One- and two-bedroom apartments with fully equipped kitchens for low-income families.

MUSKEGON

Pioneer House II-\$145,000

Community Shores Bank

- Sponsor: Pioneer Resources, Inc.
- 4 rental units

Apartments for people with developmental and/or physical disabilities.

Tenants will share a common living space, kitchen, laundry room and porch.

SAGINAW

Post Secondary Transition House-\$750,000

Wanigas Credit Union

- Sponsor: SVRC Industries
- 8 rental units

Transitional housing for developmentally disabled person aged 18 to 26. Each of the 4 units will be handicapped accessible with a kitchen, community room and activity room.

YPSILANTI

Gateway Apartments-\$420,000

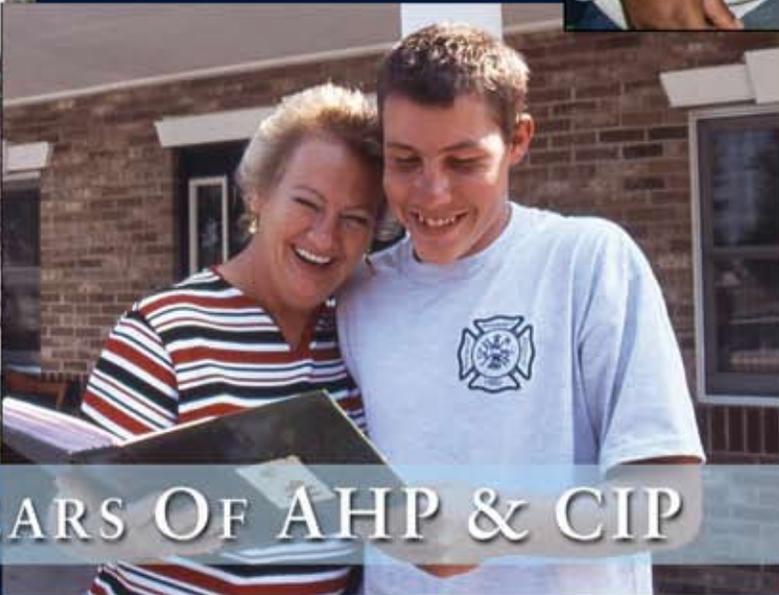
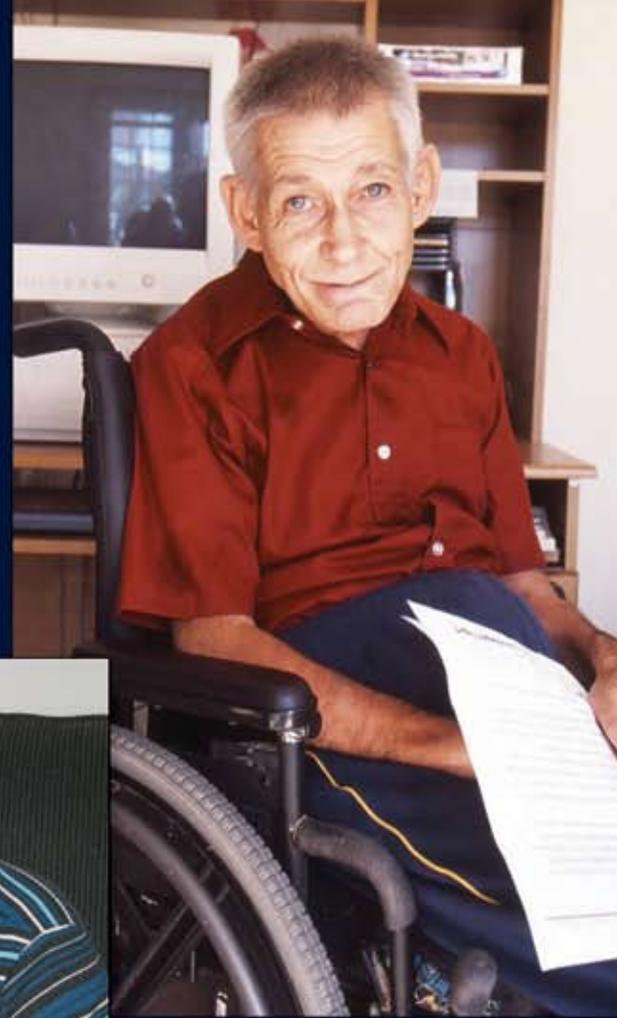
Bank of Ann Arbor

- Sponsor: Avalon Nonprofit Housing Corp.
- 42 rental units

Apartments for low-income people and will expand to include housing for those with special needs.



FACES & PLACES - 20



YEARS OF AHP & CIP



NEIGHBORHOOD IMPACT PROGRAM

Fremont, Michigan

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM

HOMEOWNERSHIP INITIATIVES

The FHLBI began offering homeownership set-aside programs in 1996, with the first one called the Home Savings Program. Fourteen members requested a portion of the \$500,000 available for down payment or closing costs assistance. That program led the way for the creation of more programs with increased participation and available dollars. FHLBI's Homeownership Initiatives Programs (HOP, NIP, NSA, RAP) were well received and utilized in 2009. Over \$8.1 million was provided to over 1,400 households for either assistance with down payments and closing costs or rehabilitation.

The Homeownership Opportunities Program (HOP) provides down payment and closing cost assistance to first-time homebuyers. The Neighborhood Impact Program (NIP) provides assistance to homeowners to rehabilitate and repair their existing homes. Both programs are available on a first-come, first-served basis.

In a response to the housing crisis, the federal government created the Neighborhood Stabilization Program (NSP) authorized under Title III of the Housing and Economic Recovery Act of 2008. The NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

In 2009, the FHLBI introduced the Neighborhood Stabilization Assistance program (NSA) to help in marketing the properties assisted with NSP funds by providing homebuyers that are at or below 80% of the area median income with down payments and closing costs, thus improving their eligibility for mortgage financing.

Spotlight on Homeownership

Flagstar Bank has partnered with several local entities to provide HOP, NIP and NSA funds to households in Michigan, Indiana and Georgia. Flagstar Bank is one of many members that participate in all three programs. Chris Aikens, Assistant Vice President and Community Reinvestment Act Officer at Flagstar, indicates that approximately 60% of the grants funded are a result of partnering with nonprofit organizations. To make these efforts successful, Flagstar has partnered with Macomb County Habitat for Humanity, Monroe Habitat for Humanity, the City of Warren and several local community development organizations.

In 2009 alone, Flagstar Bank, assisted 69 homebuyers purchasing homes with HOP and NSA funding for down payment and closing cost assistance in the amount of \$330,000. Utilizing NIP funding, Flagstar provided 45 homeowners grants totaling \$332,000 for much-needed home rehabilitation and repair.



The Neighborhood Impact Program assists homeowners with renovations. These "before" and "after" photos of homes in Detroit, MI, show the dramatic difference that these dollars can make for the homeowner and an entire neighborhood.



Homeowners use funds from the Neighborhood Impact Program to make repairs or improvements to their homes, such as roofs, windows, doors, furnaces and access ramps. FHLBI dollars matched with the homeowner's funds can revitalize entire neighborhoods, restoring character and pride.



The FHLBI's homeownership initiative programs can help first-time homebuyers with down payments and closing costs or assist homeowners with repairs to individual homes or entire neighborhoods. Two programs created in 2009 help to address the foreclosure crisis by assisting with mortgage refinancings and developing foreclosed properties.



The FHLBI's Neighborhood Stabilization Assistance program works with federal dollars to help homebuyers with down payments and closing costs to improve their eligibility for mortgage financing. E&A Credit Union in Port Huron, MI, assisted this homeowner with the purchase of her first home.



Bill and Barbara Carr of Columbus, IN, purchased their first home in 2006 after spending most of their lives as missionaries.

The couple received assistance for down payment and closing costs through FHLBI's Homeownership Opportunities Program.

Housing Partnerships, Inc., which also celebrates its 20th anniversary in 2010, helped the couple to purchase their home.



HOMEOWNERSHIP OPPORTUNITIES PROGRAM
Columbus, Indiana

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM



RITE QUALITY
Kokomo, Indiana

COMMUNITY INVESTMENT PROGRAM

In 2009, 13 members utilized the Community Investment Program (CIP) to generate approximately \$67.9 million in advances. Also in 2009, over \$63 million in CIP letters of credit were issued.

The CIP provides below market-rate loans that enable financial institutions to extend long-term financing for housing and economic development that benefits low- and moderate-income families and neighborhoods. The program is a catalyst for economic development because it supports projects that create and preserve jobs and helps build infrastructure to support growth. In 2009, members used CIP funds to finance owner-occupied and rental housing, to fund working capital loans to retain jobs at local businesses, for the purchase of equipment for a local manufacturer and to fund a small business loan for the acquisition of a clinic to provide wellness care, including chiropractic care, corrective exercises, spinal and posture screens.

HomeRetain

With both Indiana and Michigan among the states with high foreclosure rates, the FHLBI announced HomeRetain in late 2007. HomeRetain was a \$100 million special CIP offering to help qualified homeowners in members' local communities who were at risk of defaulting on their home mortgages. The first HomeRetain offering expired June 30, 2008, generating much attention and many funding requests. Given the importance of developing realistic approaches to help families avoid foreclosure during this critical time, the FHLBI announced a second \$100 million round of HomeRetain that expired June 30, 2009. Overall, the FHLBI disbursed \$27.8 million in HomeRetain funding to assist over 340 households in Michigan and Indiana.



Community Investment Program funds can support small business expansions, as well as job creation and retention. Tim Hausbeck, grandson of the founder of the Hausbeck Pickle Co. in Saginaw, MI, qualified for a CIP letter of credit to build, expand and equip a warehouse to store pickle and pepper products before shipping them to customers.



CIP may be combined with AHP, as happened with this Grand Rapids project. The former Hekman Biscuit Company was renovated into Roosevelt Park Lofts. The building offers 21 affordable studio, two- and three-bedroom apartments with loft-style features such as an open floor plan and exposed brick, ductwork and timbers. It also offers 2,400 square feet of commercial space.



Rite Quality Office Supply in Kokomo, IN, leased its retail space for seven years, but outgrew the space and wanted to relocate downtown. First National Bank of Kokomo helped Rite Quality purchase a building in 1999 with a CIP loan.

Spotlight on CIP

Formula Boats in Decatur, IN, is a family-owned business started in 1958 by Victor B. Porter, a Decatur native. What began as a business with three employees building small fiberglass boats has turned into a major player in the racing and high-end leisure boat markets.

As the economy soured, sales of boats and other luxury items plummeted, causing layoffs, restructurings, and even closures of many manufacturers. This can be devastating for small communities such as Decatur.

“The worst of the downturn for us came in the fall of 2008,” commented Scott Porter, President, Formula Boats. “We thought that business would improve when oil prices dropped, but with other problems in the marketplace that didn’t happen. The good news is that we’re riding out the challenge and boat sales are trending upward.” The company currently employs 155 area residents, drawing a few from Ft. Wayne but most are from small surrounding towns and just across the state line into Ohio.

Over the last few years, Formula Boats developed a good working relationship with First Bank of Berne in nearby Berne, IN. Through the FHLBI’s Community Investment Program, First Bank of Berne obtained an advance to help the company make it through these tough economic times. The loan provides working capital for Formula to help keep employees building boats and supporting the local economy. The influx of working capital combined with an increase in orders is allowing Formula to recall some employees who were laid off during the downturn.

“Formula Boats is a premier employer in Adams County,” stated Joe Caffee, Vice President, First Bank of Berne. “They take good care of their employees – employees who also are good customers for First Bank of Berne. The Porter family’s contributions to this community are huge, and the bank shares the same values. Using a CIP advance to minimize our costs so we can help the Porters with their business is a win-win situation for everyone.”

Porter realizes that commercial lending at large regional banks continues to be tight, and is grateful for First Bank of Berne’s assistance. “The bank has been a great partner,” he said.



Through its partnership with FHLBI member First Bank of Berne, Formula Boats in Decatur, IN, is able to work through tough economic times with the help of a CIP advance. The low-cost loan provided working capital for the company to continue to build boats and recall employees previously laid off.

Formula Boats, a family-owned business started in 1958, manufactures racing and high-end leisure boats.

20 YEARS
Affordable
Housing Program

Citizens Bank in Flint, MI, obtained a CIP loan to help build a medical office building in Saginaw. The building was constructed in the Brownfield Redevelopment Authority and tax-free Renaissance Zone.



MEDICAL OFFICE BUILDING
Saginaw, Michigan

2009 COMMUNITY SPIRIT AWARD

The FHLBI and its Affordable Housing Advisory Council present the annual Community Spirit Award to honor an individual from one member financial institution in Michigan and one in Indiana who have shown outstanding dedication to affordable housing and community economic development. The awards are presented at each state's annual housing conference.



Chris Aikens – *Assistant Vice President, CRA Officer, Flagstar Bank, Troy, Michigan.*

Chris has a passion for working in the community and assisting with efforts to provide clean, decent and affordable housing. She has helped first-time homebuyers to purchase a home and existing homeowners with home repairs, allowing them to remain in their homes and improve their neighborhoods. She trained Flagstar associates to recognize customers who could benefit from FHLBI programs and developed materials and checklists to ensure that all required documents are included in the submission package.



Dave Wood – *Assistant Vice President & Community Reinvestment Officer, 1st Source Bank, Mishawaka, Indiana.*

In addition to working with the FHLBI's Affordable Housing Program, Dave has been instrumental in the development of two innovative programs. Habitat for Humanity Asset Recovery Program has led to a cash infusion of nearly \$1.5 million for four Habitat for Humanity affiliates in northern Indiana and southwestern Michigan. Dave has also worked with University of Notre Dame graduate students and St. Margaret's House board members to develop St. Margaret's House Micro-loan Program, a lending program available to any guest of St. Margaret's House to help with immediate needs.

20 YEARS
Affordable
Housing Program

Message from the Community Investment Officer

What an honor it is to be a part of the 20 year AHP milestone! Since the first grants awarded in 1990, the AHP has helped to create thousands of affordable homes in hundreds of communities.

In 1990, I was a member of the FHLBI's credit department, working with new members that were just gaining access to the FHLBank System. Now, after three years of serving as the FHLBI's Community Investment Officer, I see first hand the tangible results of the creation of the AHP and CIP. I acknowledge the work of my predecessors who took the regulatory requirements and formed their ideas into programs to benefit our communities. I acknowledge the creation of the Affordable Housing Advisory Council and the invaluable guidance and insight they provide regarding the housing needs in our district. Finally, I acknowledge the hard work of the dedicated community investment department. The staff works daily on income calculations, application scoring and grant monitoring.



2009 Community Investment Staff

FRONT ROW LEFT TO RIGHT: **Rebecca Henderson** - AHP Compliance Analyst; **Ronna Edwards** - AHP Compliance Analyst

ROW 2 LEFT TO RIGHT: **Robert Graves** - Database Administrator; **MaryBeth Wott** - VP, Community Investment Officer; **Trish Lewis** - AHP Compliance Manager; **Stephany Tays** - Administrative Assistant

ROW 3 LEFT TO RIGHT: **Kathy Crumpton** - Information & Operations Coordinator; **Marjorie Green** - AVP, Relationship Manager; **Shannon Fountain** - Community Lending Manager; **Greg Teare** - SVP, Chief Banking Officer

NOT PICTURED: **RoseMarie Roberts** - AHP Compliance Analyst

The rewards arrive when we visit the projects to meet the incredible people – the members, sponsors and residents. Housing that is affordable and safe creates the necessary stability to allow residents to transform their lives. This is ultimately how the FHLBI makes a real difference.

Sincerely,

MaryBeth Wott
Community Investment Officer



An AHP grant awarded in 1993 helped to convert the former Lehman Hotel in downtown Bremen, IN, into 14 affordable one- and two-bedroom apartments for senior citizens, pictured on page 24.



SENIOR APARTMENTS & MULTIPURPOSE CENTER

Bremen, Indiana

CELEBRATING 20 YEARS OF THE FHLBI'S AFFORDABLE HOUSING PROGRAM

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

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