

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

Confronting the Foreclosure Crisis

**Federal Reserve Bank of Chicago Conference
June 10, 2009**



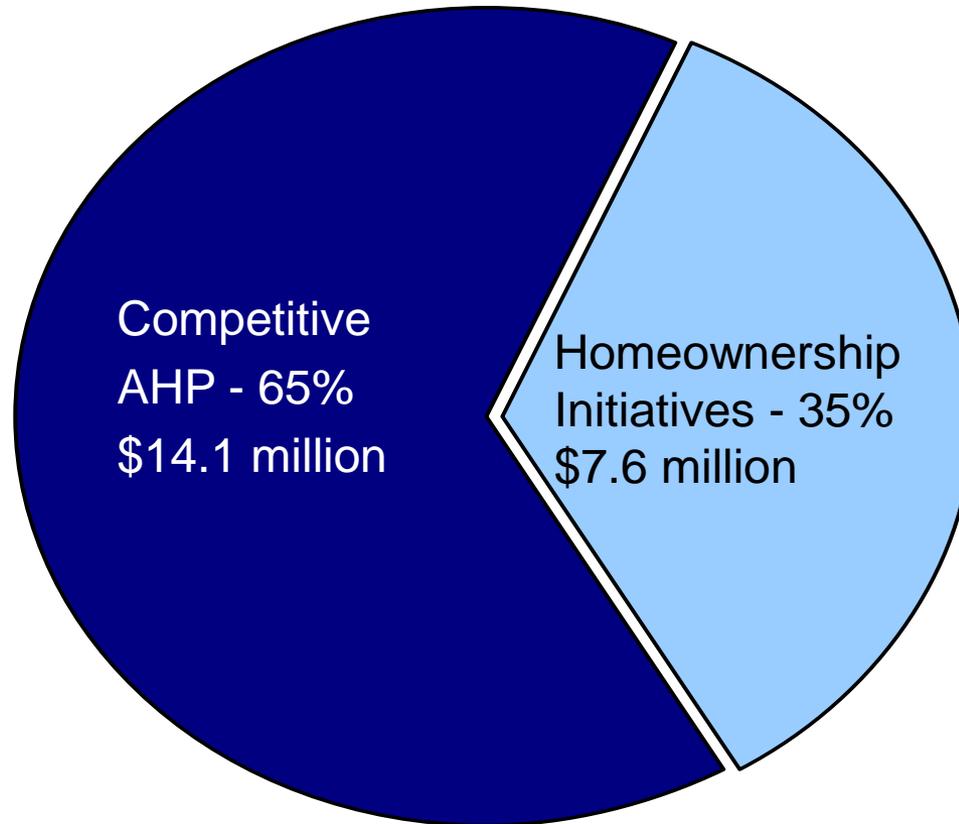


What is FHLBI?

- Federal Home Loan Bank System started in 1932 by Congress to help nation and savings and loan industry to provide liquidity for housing
- FHLBI is one of 12 FHLBanks
- FHLBI members are federally insured financial institutions (banks, thrifts, credit unions, and insurance companies) chartered in Indiana or Michigan
- 1990 FHLBanks required to commit 10% of annual earnings to affordable housing



2009 Funding Allocation





Implementation Plan

- Outlines all programs
- Application deadlines
- Scoring criteria
- Feasibility guidelines
- Time limits on use of subsidies
- Retention agreement requirements
- Monitoring procedures and guidelines
- Available at
http://www.fhlbi.com/housing/imp_plan.asp



Affordable Housing Program (AHP)

- Provides direct subsidy (grant) for acquisition, rehabilitation, or construction of affordable housing of various types, including NSP-assisted housing projects
- Sponsors are non-profit or for-profit housing developers that partner with FHLBI member
- Application must be submitted by an FHLBI member institution



Affordable Housing Program (AHP)

- Two funding rounds per year
 - 2009A applications due April 8 with awards announced in June 2009
 - 2009B applications will be due in September and awarded in December 2009
- Competitive application process
- 5 year retention for Homeownership
- 15 year retention for Rental
- Maximum grant \$750,000 per project, per round



AHP – Typical Projects

- Senior housing (age 55+)
- Family housing
- Scattered site development (in-fill)
- Permanent supportive housing
- Habitat for Humanity projects
- Acquisition/Rehabilitation of single family homes for resale
- Homeless shelters





Homeownership Set-asides (HOP, NSA, NIP, RAP and DRP)

- Funding less competitive and easier to administer than AHP
- New regulatory authority for refinancing assistance
- New set-aside to leverage federal Neighborhood Stabilization funding in response to foreclosures in district



Who uses Set-asides?

- Member institutions, often making mortgages

- Sometimes in partnership with:
 - ✓ Nonprofit organizations with homeownership counseling or owner-occupied rehabilitation programs
 - ✓ Municipalities with NSP/HOME/CDBG or other local funds



Set-asides Similarities:

- Member institution completes and submits Master Agreement and Registration Form (covers HOP, NIP, NSA, RAP and DRP)
- Member “attends” mandatory web-based training (and anyone else working with the program should attend as well)



Set-aside Similarities

- Income limit of 80% or less of AMI
- FHLBI provides \$3-4 per \$1 of matching funds
- If counseling is required, it must be face-to-face with state or HUD-certified counselor
- Member cap per set-aside program of \$300,000
- Funding on a first come – first served basis



Homeownership Opportunities Program (HOP)

- Provides up to \$5,000 in matching funds for down payment or closing cost assistance for low- or moderate-income first-time homebuyers
- Up to a 3 to 1 match allowed
- Up to \$150 may be used for required homeowner counseling
- \$500 cash contribution from homebuyer
- No more than \$250 cash back to buyer at closing
- 5-year retention period



Neighborhood Impact Program (NIP)

- Provides up to \$10,000 in matching funds for rehabilitation grants for low- or moderate-income existing homeowners
- Up to a 4 to 1 match allowed
- Counseling is encouraged, but not required
- 5 year retention by owner
- No cash contribution required
- Existing homeowner counseling costs cannot be funded from AHP



Neighborhood Stabilization Assistance (NSA)

- Provides up to \$10,000 in matching funds for down payment and closing costs for low- or moderate-income homebuyers (does not need to be first time)
- 3 to 1 match of local NSP assistance
- NSA assistance may be for down payment or closing cost assistance although NSP assistance may be for acquisition, rehabilitation, down payment or closing cost assistance



NSA Continued...

- \$500 cash contribution from homebuyer
- Homebuyer counseling
- No more than \$250 cash back to buyer at closing
- 5-year retention by owner



Refinance Assistance Program (RAP)

- Provides up to \$5,000 to assist in refinancing the first mortgage of low- or moderate-income households for primary residence
- Limited to FHA's HOPE for Homeowners or other FHLBI approved refinancing programs as approved by FHFA
- RAP funds limited to reasonable principal reduction and closing costs incurred in conjunction with refinancing



RAP Continued...

- Homebuyer counseling is encouraged
- De minimus cash back to buyer at closing
- No retention requirement currently, regulatory changes likely



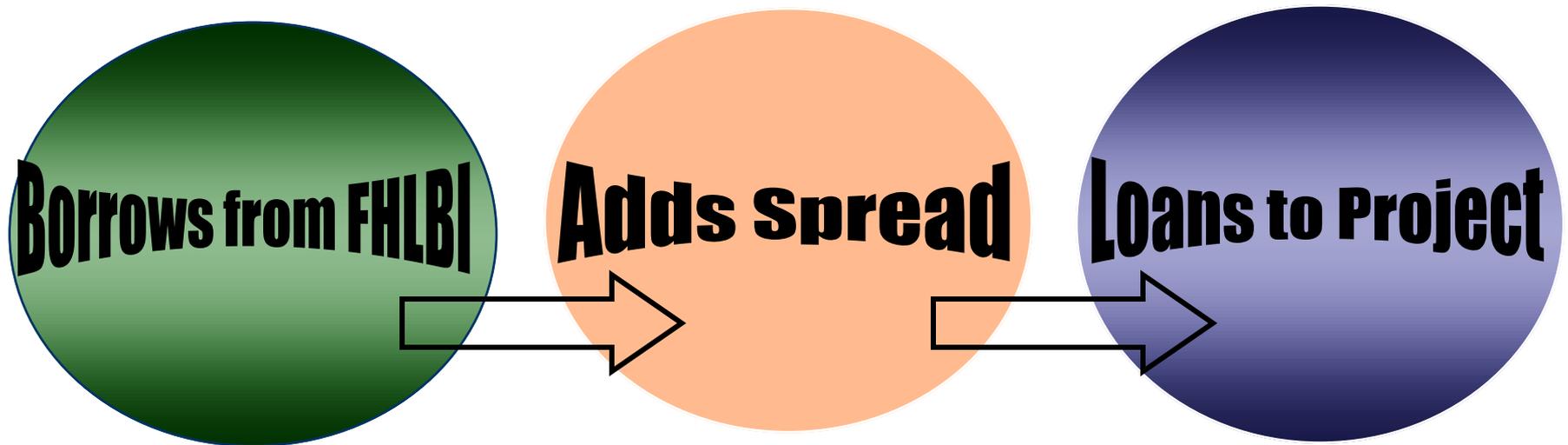
Community Investment Program (CIP)

- Loan program
- Below market rate loans for housing and community economic development in low-income areas
- Long terms available (up to 20 years and up to 30 year amortization)
- Terms and rate are often better than conventional loan



Community Investment Program

Local Financial Institution





CIP—What projects qualify?

- Housing for households at 115% AMI or less
- Projects that create or preserve jobs
- Small business loans
- Income limits don't apply to projects in certain areas (empowerment zones, brownfields, enterprise communities)
- Great to use with AHP projects!



Remember!



- AHP subsidy is a flexible funding source available through FHLBI members only
- 15 year retention period is required for rental, 5 years for homeownership projects (except RAP)
- HOP, NSA, NIP and RAP help homebuyers and homeowners on a case-by-case basis, no competition
- Two AHP competitive funding rounds per year: Spring and Fall
- AHP is a competitive grant – CIP is a loan
- Tools and resources are available to assemble a competitive application or to apply for CIP, HOP, NIP, NSA, RAP assistance
- FHLBI wants to be your partner!



Contact Information:

MaryBeth Wott
Community Investment Officer
317.465.0368
mwott@fhlbi.com

The logo for the Federal Home Loan Bank Board (FHLBI) is centered on a dark blue background. It consists of a white square with a drop shadow. Inside the square is a light blue shield-shaped emblem with a white border. The emblem has a pointed bottom. The letters "FHLBI" are written in a white, serif, all-caps font across the upper portion of the shield.

FHLBI