

Credit Programs

Federal Home Loan Bank of Indianapolis



As of November 2009

CREDIT PROGRAMS

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The FHLBI offers members a wide range of advances and other credit programs designed to fit many management needs. The following pages outline the general terms and conditions of each program; however, the FHLBI will seek to be flexible in meeting members' needs. From time to time, the FHLBI may offer additional credit programs that are consistent with its credit mission.

A. Variable Rate Advances

Variable rate advances offer short-term funding at market rates.

1. Term: Any maturity from 1 to 180 days.
2. Application: Call the FHLBI by 2:00 p.m. Indianapolis time for same business day funding.
3. Rate: Priced daily, based upon the FHLBI's overnight cost of funds rate. The initial rate will be set the day of funding.
4. Commitment Fee: None.
5. Prepayment: May prepay at any time without fee. Notify the FHLBI before 2 p.m. Indianapolis time for same-day prepayment.

B. Fed Funds Floater Advances

The Fed Funds Floater advance offers short-term funding at market rates.

1. Term: Maximum maturity of 90 days.
2. Application: Call the FHLBI by 11:00 a.m. Indianapolis time for same business day funding.
3. Rate: Priced daily, based upon the Fed Effective Rate as determined by the Federal Reserve Bank of New York and posted on Telerate page 118. The spread to the Fed Effective is dependent upon the prepayment lockout selected. Contact the credit services department for current spread indications.
4. Commitment Fee: None.
5. Prepayment: May prepay at any time after the lockout period with 2 banking days' prior notice.

C. Short-term Fixed Rate Advances

Short-term fixed rate advances offer short term funding with the security of fixed rates.

1. Term: Maturities up to 1 year.
2. Application: Call the FHLBI by 11:00 a.m. Indianapolis time for same business day funding.
3. Rate: Rate indications will be posted each morning on Member Link. Actual rates will be set at the time of rate commitment. A history of rates and maturities is available for reference either on Member Link or in the weekly "Update" mailing.
4. The member must take funding by next business day.
5. Commitment Fee: None.
6. Prepayments: May prepay subject to applicable prepayment fees described in the Prepayment Program section of the Credit Policy. Notify the FHLBI before 2 p.m. Indianapolis time for next-day prepayment.

D. Long-term Fixed Rate Advances

Long-term fixed rate advances offer long-term funding with the security of fixed rates.

1. Term: Maturities typically range from 1 to 10 years. Terms up to 30 years may be available subject to market conditions. Terms up to 20 years are available through the Community Investment Program.
2. Application: Call the FHLBI by 10:00 a.m. Indianapolis time for same business day funding.
3. Rate: Rate indications will be posted each morning on Member Link. Actual rates will be set at the time of rate commitment. A history of rates and maturities is available for reference either on Member Link or in the weekly "Update" mailing.
4. Commitment: Once a rate commitment is made, the member must normally take funding within 5 business days. From time to time, at the sole discretion of the FHLBI, rate commitments for longer periods of time may be obtained. Such commitments may require modification of the rate, a commitment fee, or both.
5. Takedown: Once a rate commitment has been issued, takedown becomes mandatory. The member normally must take funding on any business day within 5 business days. The FHLBI may require next-day funding in certain rate environments.
6. Commitment Fee: None.
7. Prepayment: May prepay subject to applicable prepayment fees described in the Prepayment Program section of the Credit Policy. Notify the FHLBI before 2 p.m. Indianapolis time for next-day prepayment.

E. Rally Participating Bullet (RPB) Advances

The RPB advance combines a fixed rate bullet advance with an embedded (purchased) Floor position. The Floor is tied to 3 Month LIBOR. If 3 Month LIBOR is below the embedded floor on a quarterly reset date, the RPB rate adjusts down. The RPB allows members the protection of a fixed rate with the benefit of an adjustable rate should the 3 Month LIBOR rate fall below the strike rate on a quarterly reset date. The amount of protection and associated cost is determined by the strike rate and the term of the advance. Due to the complexities of funding this product, the FHLBI must receive a total of at least \$5 million in requests to execute these offerings.

1. Term: Maturities typically range from 2 years to 10 years. Call the FHLBI to determine what structures are currently available.
2. Application: Call the FHLBI by 10:00 a.m. Indianapolis time for same business day funding.
3. Rate: Call the FHLBI to obtain current terms and rates available. The actual fixed rate and strike level will be set at the time of rate commitment.
4. Index: 3 Month LIBOR
5. Strike/Floor: Determined at the time of commitment. If the index moves below the embedded floor on a reset date, the interest rate will be adjusted accordingly.
6. Commitment: Once a rate commitment is made, the member must normally take funding within 5 business days.
7. Takedown: Once a rate commitment has been issued, takedown becomes mandatory. Typically, takedown must occur within 5 business days of the rate commitment and the member must take funding by the FHLBI's debt settlement date. The FHLBI may require next-day funding in certain rate environments.
8. Commitment Fee: None.
9. Prepayment: Member may elect, with at least 2 business days prior written notice to the FHLBI, to terminate in whole this transaction. The FHLBI shall calculate a termination amount (prepayment fee) which would leave the FHLBI economically indifferent. Upon payment of that amount the rights and obligations of each party shall cease.

F. Inverse Floater Advances (IFA)

The Inverse Floater Advance (IFA) combines a fixed rate bullet advance with a purchased (long) cap position. The cap is tied to 3 Month LIBOR. If 3 Month LIBOR is above the embedded cap on a quarterly reset date, the IFA rate adjusts downward. The IFA allows members the protection of a fixed rate with the benefit of an adjustable rate should the 3 Month LIBOR rate set above the strike rate on a quarterly reset date. The amount of protection and associated cost is determined by the strike rate and the term of the advance. Due to the complexities of funding this product, the FHLBI must receive a total of at least \$5 million in requests to execute these offerings.

1. Term: Maturities typically range from 2 years to 7 years. Call the FHLBI to determine what structures are currently available.
2. Application: Call the FHLBI by 11:00 a.m. Indianapolis time for same business day funding.
3. Rate: Call the FHLBI to obtain current terms and rates available. The actual fixed rate and strike level will be set at the time of rate commitment.
4. Index: 3 Month LIBOR
5. Strike/Cap: Determined at the time of commitment. If the index moves above the embedded cap on a reset date, the interest rate will be adjusted accordingly.
6. Commitment: Once a rate commitment is made, the member must normally take funding within 5 business days.
7. Takedown: Once a rate commitment has been issued, takedown becomes mandatory. Typically, takedown must occur within 2 business days of the rate commitment and the member must take funding by the FHLBI's debt settlement date. The FHLBI may require next-day funding in certain rate environments.
8. Commitment Fee: None.
9. Prepayment: Member may elect, with at least 2 business days prior written notice to the FHLBI, to terminate in whole this transaction. The FHLBI shall calculate a termination amount (prepayment fee) which would leave the FHLBI economically indifferent. The price of the cap is embedded in the interest rate of this advance and is not paid for upfront. Hence, any early prepayment fee will include the loss incurred by the FHLBI to unwind the cap. Upon payment of that amount the rights and obligations of each party shall cease.

G. Long Term Adjustable Rate Advances

Adjustable rate advances offer long-term funding which periodically adjusts to market rates.

1. **Term:** Maturities typically range from 1 to 10 years. Terms up to 30 years may be available subject to market conditions. Call the FHLBI to determine what maturities are currently available.
2. **Application:** Call the FHLBI by 5:00 p.m. Indianapolis time. Funding is typically available one to two business days later.
3. **Index:** LIBOR adjustables may be tied to 1 month, 3 month, or 6 month LIBOR. FHLB Cost of Funds (COF) adjustables may be tied to 1 month, 3 month, 6 month, or 12 month COF. Call the FHLBI to determine which indices are currently offered. Interest on advances using a COF index will be calculated on an actual/actual basis.
4. **Rate:** Rates will be periodically adjusted based on the index selected. The index, spread, and terms of the advance will be negotiated after credit approval.
5. **Commitment:** Upon credit approval, the FHLBI will negotiate commitment periods and fees.
6. **Takedown:** Takedown will be negotiated at the same time as rates and terms.
7. **Commitment Fee:** Normally does not apply; however, a fee may be charged upon issuing an extended commitment.
8. **Prepayment:** May prepay subject to applicable limitations and prepayment fees described in the adjustable rate terms sheet.

H. Prime-based Adjustable Rate Advances

These adjustable rate advances reprice whenever the national prime rate changes. The minimum advance amount is \$250,000.

1. Term: 6 months to 5 years. Other maturities may be available upon request.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time one business day prior to funding.
3. Rate: The initial rate and future rate adjustments will be based on a specified spread to the prime rate as quoted on Telerate. If more than one rate is shown, the FHLBI will use the average of all rates quoted. Interest will be calculated on an actual/360 basis.
4. Commitment: Upon credit approval, the FHLBI will make a rate and spread commitment.
5. Takedown: Funding will normally occur on the business day following rate commitment. Other takedown provisions may be arranged upon request.
6. Commitment Fee: Normally does not apply; however a fee may be charged for an extended commitment period.
7. Prepayment: May prepay subject to applicable limitations and prepayment fees described in the adjustable rate terms sheet.

I. CMT Adjustable Rate Advances

These advances reprice annually based on the one-year constant maturity Treasury (CMT) rate. The minimum advance amount is \$250,000.

1. Term: 5 years.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time one business day prior to funding.
3. Rate: The initial rate on the CMT advance will be available from the FHLBI upon request. The rate will be adjusted once each year, on day 15 of the anniversary month. The new rate will be set at a specified spread over the daily figure for the one-year CMT on the last day of the month before the reset date. Interest will be calculated on an actual/360 basis.
4. Commitment: Upon credit approval, the FHLBI will make a rate and spread commitment.
5. Takedown: Funding will normally occur on the day following rate commitment.
6. Commitment Fee: None.
7. Prepayment: May be made without fee on the annual interest reset date provided that the FHLBI receives 30 days' prior written notice.

J. Monthly Amortizing Mortgage Advances

These fixed rate advances are repaid according to a specified schedule with a balloon payment of remaining principal at maturity. Monthly repayments of principal are based on a prepayment assumption selected by the member, allowing the repayment of the advance to match anticipated prepayments on the mortgages being funded. The minimum advance amount is \$250,000.

1. Term: From 36 to 144 months. Principal and Interest payments are paid monthly. Interest is paid on the 15th of the month and principal is paid on the monthly anniversary of the rate set on date.
2. Application: Call the FHLBI by 10:00 a.m. Indianapolis time for same business day funding.
3. Rate: At the time of application, the FHLBI will provide a rate indication and a principal repayment schedule based on the terms and prepayment assumptions specified by the member.
4. Commitment: Upon credit approval, a rate commitment will be issued based on the terms of the advance.
5. Takedown: Once a rate commitment is issued, takedown is mandatory within 5 business days of the commitment and may occur on any day after the rate is set.
6. Commitment Fee: None, unless a commitment period greater than 5 business days is requested, in which case a commitment fee may apply.
7. Prepayment: Repayments of principal at times other than the principal payment schedule or in excess of the scheduled amount will be subject to a prepayment fee described in the monthly amortizing mortgage advance terms sheet.

K. Mortgage Advances

These fixed rate advances are repaid according to a specified schedule with a balloon payment of remaining principal at maturity. Annual repayments of principal are based on a prepayment assumption selected by the member, allowing the repayment of the advance to match anticipated prepayments on the mortgages being funded. The minimum advance amount is \$250,000.

1. **Term:** From 3 to 12 years. Interest on the advance will be paid monthly. Principal payments will be due annually on day 15 of the anniversary month of the advance.
2. **Application:** Call the FHLBI by 10:00 a.m. Indianapolis time for same business day funding.
3. **Rate:** At the time of application, the FHLBI will provide a rate indication and a principal repayment schedule based on the terms and prepayment assumptions specified by the member.
4. **Commitment:** Upon credit approval, a rate commitment will be issued based on the terms of the advance.
5. **Takedown:** Once a rate commitment is issued, takedown is mandatory within 5 business days of the commitment and may occur on any day after the rate is set.
6. **Commitment Fee:** At rate commitment, a 1/4% commitment fee will be charged for advances issued with an option to repay an additional percentage. Also, a commitment fee may apply if a commitment period greater than 5 business days is requested.
7. **Prepayment:** If requested by the member, the advance may be issued with an option to repay an additional percentage of the outstanding principal in any or all years without a fee. Such payments may only be made on the regular annual principal repayment date, and the member must give a minimum of 15 days' written notice of its intent to repay. Repayments of principal at other times or in excess of the specified optional amount will be subject to a prepayment fee described in the mortgage advance terms sheet.

L. Amortizing Advances

An amortization feature is available on Community Investment Program (CIP) advances. Amortization is usually calculated on a 30 year schedule with a balloon payment at maturity.

1. Term: Up to 20 years.
2. Application: See CIP advances.
3. Rate: Priced daily. The FHLBI will provide a rate indication and a principal repayment schedule.
4. Commitment: See CIP advances.
5. Takedown: CIP advance takedown requirements apply.
6. Commitment Fee: None, unless an extended commitment period is requested, in which case a commitment fee may apply.
7. Prepayments: May prepay subject to applicable prepayment fees described in the CIP amortizing advance terms sheet. Prepayment of principal in excess of the annual amortization schedule will lead to recalculation of the annual payment and no change in the remaining term to maturity or amortization period. Notify the FHLBI by 2 p.m. Indianapolis time for next-day prepayment.

M. Putable Advances

Putable advances offer a low fixed rate of interest in exchange for the borrower's selling the FHLBI the option to put the advance before maturity on any given exercise date. If put by the FHLBI, the member has the option to request to convert the advance to an adjustable rate advance of predetermined index for the remaining term to maturity, at the FHLBI's discretion. Due to the complexities of funding this product, the FHLBI must receive a total of at least \$5 million in requests to execute these offerings. Members must sign and return a Putable Advance Disclosure Statement prior to locking a rate.

1. Term: Maturities typically range from 2 years to 10 years with a variety of lockout periods and LIBOR strike rates available. Call the FHLBI to determine what structures are currently available.
2. Application: Call the FHLBI by 4:00 p.m. Indianapolis time. Execution is subject to market conditions at the time of issuance.
3. Rate: Call the FHLBI to obtain current terms and rates available. Actual rates will be set at the time of rate commitment.
4. Commitment: Once a rate commitment is made, the member must take funding by the FHLBI's debt settlement date.
5. Takedown: Once a rate commitment has been issued, takedown becomes mandatory. Typically, takedown must occur within 2 business days of the rate commitment and the member must take funding by the FHLBI's debt settlement date.
6. Commitment Fee: None.
7. Put Option: The FHLBI shall have the option to put the entire advance on the lock-out date or on any exercise date thereafter with at least 4 business days' prior notice. Typically lock-out terms range from 3 months to 5 years, with quarterly or one-time options. Other terms are also available.
8. Prepayment: If the FHLBI exercises its option to put the advance, the advance will be prepayable without a fee at the member's option on the exercise date. If the member requests to convert the advance to an adjustable after the FHLBI has put the advance, then the member may prepay the advance without a fee on any subsequent quarterly reset date with at least 3 business days' prior written notice. The member may elect, with at least 2 business days' prior written notice to the FHLBI, to terminate in whole this transaction. The FHLBI shall calculate a reasonable termination amount (prepayment fee) which would leave the FHLBI

economically indifferent. Upon payment of that amount, the rights and obligations of each party shall cease.

N. Flipper Advances

Flipper advances offer an initial sub-LIBOR floating rate of interest in exchange for the borrower's selling the FHLBI the option to put the advance before maturity on any given exercise date. The Flipper advance will "Flip" to a fixed rate at the end of a predetermined lockout date, which coincides with the first exercise date. If put by the FHLBI, the member has the option to request to convert the advance to an adjustable rate advance of predetermined index for the remaining term to maturity, at the FHLBI's discretion. Due to the complexities of funding this product, the FHLBI must receive a total of at least \$5 million in requests to execute these offerings. Members must sign and return an Option-Embedded Advance Disclosure Statement prior to locking a rate.

1. Term: Maturities typically range from 2 years to 10 years with a variety of lockout periods and levels of sub-LIBOR pricing available. Call the FHLBI to determine what structures are currently available.
2. Application: Call the FHLBI by 4:00 p.m. Indianapolis time. Execution is subject to market conditions at the time of issuance.
3. Rate: Call the FHLBI to obtain current terms and rates available. Actual rates will be set at the time of rate commitment.
4. Commitment: Once a rate commitment is made, the member must take funding by the FHLBI's debt settlement date.
5. Takedown: Once a rate commitment has been issued, takedown becomes mandatory. Typically, takedown must occur within 2 business days of the rate commitment and the member must take funding by the FHLBI's debt settlement date.
6. Commitment Fee: None.
7. Put Option: The FHLBI shall have the option to put the entire advance on the lock-out date or on any exercise date thereafter with at least 4 business days' prior notice. Typically lock-out terms range from 3 months to 5 years, with quarterly or one-time options. Other terms are also available.
8. Prepayment: If the FHLBI exercises its option to put the advance, the advance will be prepayable without a fee at the member's option on the exercise date. If the member requests to convert the advance to an adjustable rate advance after the FHLBI has put the advance, then the member may prepay the advance without a fee on any subsequent quarterly reset date with at least 3 business days' prior written notice. The member may elect, with at least 2 business days' prior written notice to the FHLBI, to terminate in whole this transaction. The FHLBI shall

calculate a reasonable termination amount (prepayment fee) which would leave the FHLBI economically indifferent. Upon payment of that amount, the rights and obligations of each party shall cease.

O. Callable Advances

Callable advances offer competitive fixed rates on long-term funds with an option to prepay the advance on certain predetermined dates ("call dates") without incurring a prepayment fee.

1. Term: Various predetermined amounts and maturities up to 10 years with specified call dates may be offered. Call the FHLBI to determine what maturities are currently available.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time.
3. Rate: Call the FHLBI to obtain current terms and rates available. Actual rates will be set at the time of rate commitment.
4. Commitment: Members can arrange a rate commitment subject to the FHLBI's availability of funds. Once a rate commitment is made, the member must normally take funding within 2 business days or by the FHLBI's debt settlement date. From time to time, at the sole discretion of the FHLBI, rate commitments for longer periods of time may be obtained. Such commitments may require modification of the rate, a commitment fee, or both.
5. Takedown: Once a rate commitment has been issued, takedown becomes mandatory, and the member normally must take funding within 2 business days or by the FHLBI's debt settlement date.
6. Commitment Fee: At rate commitment, a 1/4% rate commitment fee may be charged.
7. Prepayment: May prepay without fee on the specified call dates provided that proper notification is given to the FHLBI in accordance with the callable advance terms sheet. Prepayments at any other time are subject to prepayment fees described in the callable advance terms sheet, and the member must notify the FHLBI before 2 p.m. Indianapolis time for next-day prepayment.

P. Interest Rate Swaps

Interest rate swaps are an off balance sheet hedging instrument used to transform liabilities and assets and are offered in various sizes by the FHLBI, subject to availability.

1. Term: Various terms may be arranged, usually in the 1 to 10 year range.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time to request a credit decision and to discuss notional principal amounts. Specific terms will be discussed after credit approval has been made.
3. Beginning Date: The swap will begin within 30 calendar days of credit approval; a specific beginning date will be discussed as part of the conditions of the swap.
4. Rate: Specific terms will be negotiated after credit approval.
5. Commitment Fee: None.
6. Collateral: The member will be required to post collateral in accordance with the requirements set forth in the Credit Policy.
7. Capital Stock: A member must hold FHLBI capital stock equal to at least 5% of the amount of collateral required for the swap. This requirement is in addition to the capital stock required for advances and other credit products, and will be adjusted monthly with changes in the collateral requirement. Members will be notified of any required stock purchases.
8. Termination: Terminating a swap may be arranged with the FHLBI based on market conditions and the requirements of the particular interest rate swap agreement. Call for details.

Q. Interest Rate Caps, Floors, and Collars

Interest rate caps, floors, and collars are offered in various sizes, sometimes as small as \$5 million, subject to availability.

1. Term: Various terms may be arranged, usually in the 1 to 10 year range.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time to request a credit decision and to discuss notional principal amounts. Specific terms will be discussed after credit approval has been made.
3. Beginning Date: The cap, floor, or collar agreement will begin within 30 calendar days of credit approval; a specific beginning date will be discussed as part of the conditions of the agreement.
4. Rate: Specific terms will be negotiated after credit approval.
5. Commitment Fee: The fee for a cap, floor, or collar will be determined by the FHLBI on the basis of the terms requested.
6. Collateral: The member will be required to post collateral in accordance with the requirements set forth in the Collateral Policy.
7. Capital Stock: For each cap, floor, or collar, a member must hold FHLBI capital stock equal to at least 5% of the amount of collateral required for the agreement. This requirement is in addition to the capital stock required for advances and other credit products, and will be adjusted monthly with changes in the collateral requirement. Members will be notified of any required stock purchases.
8. Termination: Terminating a cap, floor, or collar may be arranged with the FHLBI based on market conditions and the requirements of the particular interest rate agreement. Call for details.

R. Overdraft Lines of Credit

Overdraft lines of credit offer immediate short-term funds through an institution's CMS account. Members approved for the overdraft line of credit will be assigned a ceiling level for such overdraft privileges. This line of credit will allow members to fund short-term cash needs without submitting a new application for each request for funds. The maximum line of credit amount is \$50,000,000.

Overdrafts in excess of the ceiling or in the absence of an approved line are explicitly not authorized and will be assessed a penalty.

1. Term: Six months.
2. Application: Call the FHLBI by 5:00 p.m. Indianapolis time. A credit decision will usually be available by 4 p.m. the next day. Until such a line is approved, each member is subject to an overdraft penalty rate equal to 200 basis points over the variable advance rate.
3. Rates: Within the range of funding approved, a rate equal to the current variable advance rate will be charged.
4. Takedown: The member may draw funds any business day during the six-month term of the credit line by simply accessing its CMS account with the FHLBI.
5. Non-Usage Fee: A non-usage fee of .0001 (one basis point) of the amount of the line approved will be charged at the end of the term if the line was not used during the term.
6. Collateral: The full amount of funds authorized by such a line of credit must be collateralized as any other advance would be, and is subject to regular borrowing limits. Collateral and capital stock will be adjusted at the time the line is approved.
7. Prepayment: May be paid at any time without fee by depositing funds to the CMS account.

S. Letters of Credit

Letters of credit offer irrevocable performance bonds. Should the letter be drawn upon, the FHLBI will issue an advance under the agreed-upon program, usually a variable rate advance.

1. Term: Up to 20 years, depending on purpose.
2. Application: Call the FHLBI to initiate application.
3. Fees: A fee of up to 20 basis points (0.20%) for CIP Letters or up to 37.5 basis points (0.375%) for non-CIP Letters will be charged based on the approved amount and will normally be payable annually beginning on the issue date (minimum fees are listed in the table below). In addition, an administrative fee will be charged for each draft presented for payment under the letter of credit. The FHLBI may also charge an up-front fee for letters of credit requiring additional research, unique documentation, or the use of outside legal counsel. Other fees include:

	<u>CIP</u>	<u>Non-CIP</u>
• Minimum Annual Fee:	\$500	\$1,000
• Change of Beneficiary/Trustee:	\$250	\$750
• Remarketing Draw:	\$500	\$1,000
• Early Termination Fee: The lesser of \$5,000 or the sum of the next two annual fees.		

4. Collateral: A letter of credit must be secured as any other advance would be and is subject to regular borrowing limits. Collateral requirements and capital stock holdings will be adjusted at the time the letter of credit is issued.
5. Cancellation: A letter of credit may be canceled subject to the terms of the agreed-upon transaction.
6. Purpose: The FHLBI will consider requests to issue standby letters of credit on behalf of member institutions for any of the following purposes:
 - a. To assist members in facilitating residential housing finance,
 - b. To assist members in facilitating community lending that is eligible for any of the FHLBI's community investment programs,
 - c. To assist members with asset/liability management, and
 - d. To provide members with liquidity and other funding.

T. Community Investment Cash Advance (CICA) Program (includes Community Investment Program (CIP) Advances)

CIP advances provide funding for members to undertake community-oriented mortgage and economic development lending.

1. Purpose: CIP advances may be used to fund community-oriented lending as defined in the FHLBI's Community Investment Program. The annual CIP new advance origination goal will be announced via the FHLBI Community Lending Plan. The FHLBI's president and CEO may institute annual funding caps during the year based on certain conditions.
2. Term/Program: CIP advances are available in maturities ranging from 30 days to 20 years, according to the schedule on the following page and based on the FHLBI's funding availability.
3. Application: CIP advances will go through a two-step application process. Initial applications, which include the application for the Community Investment Program advance application, are to be submitted to the FHLBI's community investment division. The community investment staff will review the proposed project to determine eligibility for the CIP advance program. (Please refer to the program guidelines issued by the community investment division and relevant regulations published by the Federal Housing Finance Agency). Applications and projects approved by community investment will be forwarded to the credit services department for normal credit underwriting.
4. Rate: Advances under this program will be priced at the FHLBI's cost of funds for obligations of comparable maturity plus a small markup to cover administrative costs. Members may request a rate lock at any time during the commitment period subject to the FHLBI's availability of funds for the desired maturity.

Schedule of Available CIP Advance Types

<u>Advance Type</u>	<u>Maximum Term</u>	<u>Other Information</u>
Variable	180 days	Calculated on actual/360 day count basis
Short-term fixed rate	270 days	Calculated on actual/360 day count basis
Adjustable	20 years	Indexed to FHLBI's cost of funds
Long-term fixed rate	20 years	Calculated on actual/360 day count basis
Callable	7 years	Concession costs are paid upfront as a fee
Mortgage	10 years	Annual principal repayment schedule based on prepayment assumptions
Amortizing	20 years	Annual principal repayment schedule usually based on a 30 year amortization schedule - no prepayment options
Letter of credit	20 years	

5. Commitment: Funds-only commitments may be set up automatically when the community investment division notifies the credit services department of approved applicants. Initial commitments will typically be issued as follows:

Portfolio lending	Up to 6 months
Projects	Up to 6 months

A one-time three-month extension may be considered for CIP projects.

6. Takedown: If the CIP advance request is approved and the CIP advance application has been properly executed and received by the FHLBI's credit services department, funding will normally take place within 1 business day of the rate lock.
7. Commitment Fee: May apply if an extended commitment period is requested.
8. Prepayment: Prepayments may occur subject to applicable limitations and prepayment fees described in the Community Investment Program advance terms sheet. Notify the FHLBI by 2 p.m. Indianapolis time for next-day prepayment, except that variable rate advances may be prepaid up to 2 p.m. the same day.

U. Affordable Housing Program (AHP)

The Federal Home Loan Bank of Indianapolis will conduct one or more district-wide AHP competitions each year. Application deadlines will be announced in the applicable year's Implementation Plan.

In each offering, the credit-approved applications receiving the highest ratings per the AHP scoring system as established by the AHP implementation plan will be recommended to the board of directors for approval. Details on this scoring system are contained in the current year's Implementation Plan.

1. Purpose: AHP subsidies can be used for acquisition, construction or rehabilitation of affordable housing.
2. Applications for AHP subsidies must be submitted by the stated deadlines. Only applications received at the FHLBI offices before close of business on the date of the deadline will be scored. The Board shall approve applications in descending order starting with the highest scoring application until the total funding amount, except for any amount insufficient to fund the next highest scoring application, has been allocated. The Board shall also approve at least the next four highest scoring applications as alternates, and, within one year of approval, may fund such alternates if any previously committed AHP subsidies become available.
3. Funding Options: Pursuant to FIRREA, "each Bank shall establish an Affordable

Housing Program to subsidize the interest rate on advances to members" for qualifying activities. AHP funds may be obtained through a subsidized advance described below or a direct subsidy. The direct subsidy is not considered an advance.

a. Rate-subsidized Advances

A subsidized advance is an advance to a member at an interest rate reduced below the FHLBI's cost of funds, by use of a subsidy. Members interested in utilizing a subsidized advance should contact the community investment department at (317) 465-0371.

b. Direct Subsidy

The AHP direct subsidy represents a cash payment by the FHLBI to the member, which in turn passes the monies to eligible AHP participants to assist in, for example, the payment of home mortgage closing costs.

4. Commitment Fee: None.
5. Prepayment: Subsidized advances may be subject to a prepayment fee as described in the Affordable Housing Program advance terms sheet. Notify the FHLBI by 2 p.m. Indianapolis time for next-day prepayment.

