



FEDERAL HOME LOAN BANK OF INDIANAPOLIS  
*Building Partnerships. Serving Communities.*

## NEWS RELEASE

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FOR IMMEDIATE RELEASE

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### Federal Home Loan Bank of Indianapolis Recognizes Leadership of Michigan Congressman Sander Levin (D-MI) on HR 2091

*A Proposal To Spur Economic Development Passes Ways & Means Committee; Bipartisan Bill Addresses  
Municipal Credit Crunch; Now Goes To Full U.S. House*

Indianapolis, IN April 9, 2008 — The U.S. House Ways and Means Committee’s approval today of an \$11 billion economic stimulus package, “The Housing Assistance Tax Act of 2008,” includes an important community economic development provision that Congressman Sander Levin (D-MI) worked diligently to incorporate into the full measure.

Congressman Levin’s legislation, HR 2091, which now goes to the full House for consideration as part of the Housing Act, will allow municipal bonds backed by letters of credit (LOCs) provided by Federal Home Loan Bank (FHLBank) member financial institutions and further supported by FHLBanks to be treated as tax-exempt, lowering borrowing costs and making financing more flexible for public projects during the nation’s ongoing credit crunch.

“Many of our FHLBI members are familiar with these arrangements because current law allows FHLBI’s letters of credit to support tax-exempt municipal bond issues for multifamily housing projects,” said **Milton J. Miller, President & CEO of Federal Home Loan Bank of Indianapolis** (FHLBI). “However, the new bill will allow member financial institutions to work with their FHLBank to facilitate tax-exempt financing for projects such as water and sewer, wastewater treatment facilities, fire and police stations, libraries and other critical infrastructure. We are most grateful to Congressman Levin for his hard work and leadership on this important legislation.”

Under current law, municipal governments issue tax-exempt bonds to help fund community and economic development projects. Levin’s proposal updates the tax code to allow FHLBanks to issue Standby Letters of Credit to community banks in support of these municipal bonds without jeopardizing the tax-exempt status of the bonds.

Since 1984, other Government-Sponsored Enterprises, such as Fannie Mae, Freddie Mac and others, have been permitted under Section 149(b) of the IRC to issue LOCs in support of municipal tax-exempt bonds. This measure will expand municipalities’ access to credit and reduce the cost to taxpayers.

This proposal has been endorsed by a long list of national, state and local organizations including

National League of Cities, United States Conference of Mayors, America's Community Bankers, Independent Community Bankers of America, Indiana Bankers Association, Michigan Bankers Association, Michigan Association of Community Bankers, National Association of Home Builders, National Association of Health and Educational Facilities Finance Authorities and American Hospital Association.

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*The Federal Home Loan Bank of Indianapolis (FHLBI) is one of 12 regional banks that make up the Federal Home Loan Bank System. FHLBanks are government-sponsored enterprises created by Congress to ensure access to low-cost funding for their member financial institutions. FHLBanks are privately capitalized and funded, and receive no Congressional appropriations. The FHLBI is owned by its financial institution members, which include commercial banks, credit unions, insurance companies, and savings banks headquartered in Indiana and Michigan. For more information about the FHLBI and its Affordable Housing Program, visit [www.fhlbi.com](http://www.fhlbi.com).*