



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

*Building Partnerships. Serving Communities.*

June 16, 2005

RE: Notice of MPP Stock Requirement Change

To all FHLBI members:

The Board of Directors of the Federal Home Loan Bank of Indianapolis (FHLBI) today changed the activity-based stock requirement for the Mortgage Purchase Program (MPP) to 0% for up to the next \$1 billion of MPP assets purchased on or after July 1, 2005, to be effective after the current September 7, 2004, \$3 billion 0% MPP requirement has been filled.

The FHLBI's Capital Plan establishes stock requirements for MPP participation to be set by action of the Board of Directors within a range of 0% to 5%. This range allows the FHLBI's Board the flexibility to manage the balance sheet and to meet members' needs as the financial environment changes.

The Board has an obligation to review and adjust member stock requirements as necessary so that the FHLBI remains in compliance with its minimum capital requirements, while having competitive product offerings and reasonable shareholder returns.

The activity-based stock requirement for Acquired Member Assets (AMA), which includes MPP purchases, is currently set at 0% for up to \$3 billion of mandatory delivery commitments (MDCs) as approved by the Board on September 9, 2004, for MDCs entered into after September 7, 2004, until the \$3 billion is reached. These commitments at the 0% requirement have been or will soon be filled.

The Board in its discretion may modify this requirement within the range allowed by the Capital Plan. Any adjustments to the stock requirements will go into effect 15 days after declaration by the Board and with notice to the members and the Federal Housing Finance Board, our regulator, as required by Finance Board Resolution No. 2002-43.

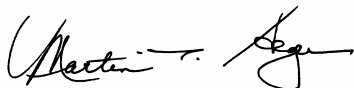
Until the next \$1 billion of MPP is purchased at the 0% activity-based requirement, a seller may, by written request, voluntarily elect to choose the 3% MPP activity-based requirement when executing an MDC. The stock purchased by the member shall meet the requirements of the Capital Plan and the Finance Board regulations.

MDCs entered into while the current \$3 billion of 0% stock requirement is available shall continue to be governed under the previously established MPP activity-based stock requirements set by the September 7, 2004, Board resolution. If the \$3 billion of availability is filled before June 30, 2005, the MPP activity-based stock requirement will return to 3%, as set forth in the Capital Plan, until the \$1 billion becomes available, after the notice requirements for this action are met on July 1, 2005.

The activity-based stock requirements for MPP sales may be modified by the Board in accordance with the requirements of the Capital Plan at any time.

The FHLBI is committed to *"Building Partnerships and Serving Communities."* If you have any questions, please call Doug Iverson at 317-465-0559 regarding MPP transactions, or Jon Griffin at 317-465-0503 regarding your institution's stock requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin L. Heger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Martin L. Heger  
President & CEO