ANTI-PREDATORY LENDING POLICY STATEMENT

The Federal Home Loan Bank of Indianapolis (Bank) supports the expansion of fair and equitable home ownership opportunities. To discourage predatory lending practices, which are inconsistent with such opportunities, and to protect the Bank from potential liabilities, the Bank has established an anti-predatory lending policy (Policy) with respect to residential mortgage loans pledged to it as collateral (Residential Mortgage Collateral) and residential mortgage loans purchased by it under the Mortgage Purchase Program (MPP) as Acquired Member Assets (AMA).

The Bank requires that Residential Mortgage Collateral and Acquired Member Assets comply with applicable federal, state and local anti-predatory lending laws and other similar credit-related consumer protection laws, regulations and orders designed to prevent or regulate abusive and deceptive lending practices and loan terms (collectively, "Anti-Predatory Lending Laws"). For example, Anti-Predatory Lending Laws may prohibit certain practices and characteristics, including, but not limited to the following:

- Requiring the borrower to obtain prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance;
- Requiring mandatory arbitration provisions with respect to dispute resolution in the loan documents; or
- Charging prepayment penalties for the payoff of the loan after the early years of such loan.

With respect to each of the above provisions or practices, the Bank will not give collateral value for, or purchase any Residential Mortgage Collateral or Acquired Member Asset that contains any of these provisions, whether or not such provisions were legal in the jurisdiction where the loan was made. Any Residential Mortgage Collateral or Acquired Member Asset that does not comply with all applicable Anti-Predatory Lending Laws and this Policy will not be eligible as collateral to support advances or other activity with the Bank or to be purchased under MPP.

Further, the Bank will not give collateral value for or purchase any Residential Mortgage Collateral or Acquired Member Asset, if it meets one or more of the following criteria:

- The annual interest rate and/or points and fees charged for the loan exceed the high cost thresholds of the Home Ownership and Equity Protection Act of 1994 (HOEPA) and its implementing regulations (Federal Reserve Board Regulation Z).
- Higher-priced loans found in violation of prohibitions pertaining to repayment capabilities, escrow accounts, and prepayment penalties of HOEPA rules made effective October 1, 2009.
- With respect to Acquired Member Assets, the loan is subject to state and/or local laws where one or more of the major credit rating agencies will not rate a security in which the underlying collateral pool contains such a loan.
- The loan is defined under one or more federal, state, or local laws as a High Cost Loan, Covered Loan, or Home Loan categorized under such laws as having certain potentially predatory characteristics.

Members and their affiliates are responsible for avoiding all unlawful practices and terms prohibited by applicable Anti-Predatory Lending Laws, regardless of whether they originate or purchase the Residential Mortgage Collateral being pledged, or Acquired Member Asset being sold to the Bank. The Bank will take those steps it deems reasonably necessary in order to confirm or monitor members' and affiliates' compliance with this Policy.

In addition, the Bank reserves the right to require evidence reasonably satisfactory to the Bank that Residential Mortgage Collateral and Acquired Member Assets do not violate applicable Anti-Predatory Lending Laws and this Policy and are not Unratable AMA. With respect to Residential Mortgage Collateral or Acquired Member Assets purchased by the member or an affiliate and then pledged or sold to the Bank, the member and the affiliate are responsible for conducting due diligence that they deem sufficient to support their certification and indemnification agreements with the Bank.

In addition to the terms and conditions of the Bank's Advances, Pledge and Security Agreement (Advances Agreement), and, where applicable, the Member Selling and Servicing Master Agreement (Master Agreement), each member and affiliate must execute a representation and warranty agreement with the Bank that: (1) certifies its understanding and compliance with this Policy, all applicable Anti-Predatory Lending Laws and NRSRO rating criteria; (2) certifies that it will maintain qualifying collateral and substitute eligible collateral for any Residential

Mortgage Collateral or repurchase or substitute a comparable loan for any Acquired Member Asset that does not comply in all material respects with applicable Anti-Predatory Lending Laws or this Policy; and (3) indemnifies, defends and holds the Bank harmless from and against all losses, damages, claims, actions, causes of action, liabilities, obligations, judgments, penalties, fines, forfeitures, costs and expenses, including, without limitation, legal fees and expenses, that result from the pledge of any Residential Mortgage Collateral or the sale of any Acquired Member Asset that does not comply in all material respects with applicable Anti-Predatory Lending Laws and this Policy.

The Bank will not knowingly accept as eligible collateral or purchase any Residential Mortgage Collateral or Acquired Member Asset that violates the applicable Anti-Predatory Lending Laws or this Policy. If the Bank knows or discovers that such Residential Mortgage Collateral or Acquired Member Asset violates applicable Anti-Predatory Lending Laws or this Policy, through its current quality assurance or collateral verification procedures, the Bank may, in addition to all available rights and remedies at law or in equity: (1) require the member or affiliate to substitute eligible collateral, (2) value such Residential Mortgage Collateral at zero for collateral purposes, (3) require the member to repurchase the affected loan or substitute a comparable loan that does not violate any Anti-Predatory Lending Laws or this Policy, and (4) require the member or affiliate to undertake a review of its policies, practices, and procedures for complying with Bank collateral and MPP policies.