

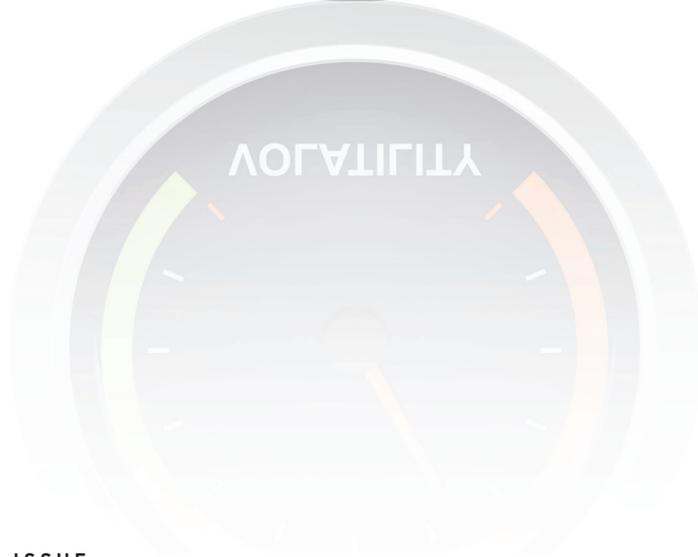
INDEPTH

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Central Banks' Monetary Policy: What are the Risks?

Continual interest rate volatility is expected as the world's largest central banks use monetary policy to navigate the road to economic recovery. **PAGE 4**



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FHLBI PERFORMANCE

(\$ in millions, unaudited)

As of March 31, 2013

Assets	\$39,693
Advances outstanding	\$ 18,950
Purchased mortgage loans, net	\$ 6,093
Total retained earnings	\$ 617

For the three months ended March 31, 2013

Net income	\$ 39.4
Return on average equity	7.07%

New members approved from November 2012 through June 2013

**John Hancock Life Insurance Co. (USA)
Lansing, MI**

**Good Shepherd Credit Union
Lincoln Park, MI**

EDITORIAL BOARD

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Indepth is a publication of the Federal Home Loan Bank of Indianapolis Communications Department. Your comments and suggestions are welcome. Contact **Miriam Lemen** at **317.465.0438**, e-mail **mlemen@fhlbi.com**.

DISCLAIMER: The articles in this magazine have been presented for educational purposes only. The FHLBI is not a financial or investment advisor. It is solely the reader's responsibility to evaluate the risks and merits of any funding strategy or business proposal before its implementation and to monitor its performance over time. If you need information for use in evaluation of a funding strategy, please contact our marketing staff.

2 FHLBI Shareholder Symposium

Our 2013 Shareholder Symposium is the place to be in August, with a full day of keynote addresses by nationally recognized experts plus targeted break-out sessions, as well as a golf outing and welcome reception the day preceding the meeting.

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The Federal Reserve, Bank of Japan and European Central Bank are engaging in aggressive monetary policy resulting in interest rate volatility that will likely continue throughout 2013 and 2014.

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BANK OF JAPAN



EUROPEAN CENTRAL BANK

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BE WHERE THE INDUSTRY EXPERTS ARE

Our Shareholder Symposium is the place to be in August as it will be FHLBI's flagship educational event in 2013. From thought-provoking keynote addresses, shareholders will gain insights into the national and international markets, the mortgage market, and investment strategies relevant to their business needs.

Our annual meetings have traditionally been occasions to learn about economic conditions and their impacts, discuss strategies for using FHLBI products, gather ideas by networking with friends in the industry, and enjoy a round of golf. With our expanded format, members will still have the chance to do all of this and more.

The expanded format brings together CEOs, CFOs, Chief Investment Officers, and lending and treasury professionals from each of our membership sectors: banks, credit unions, and insurance companies, who all share an interest in the housing and financial markets. As owners, our members are also interested in getting an update on FHLBI's performance.

Symposium participants will be able to:

- Listen as national industry experts share their views and field questions on emerging trends and potential impact on their business and the housing market
- Obtain an update on the state of the FHLBI
- Network with a cross-section of members from varying locations
- Talk one-on-one with FHLBI staff
- Relax at the Golf Outing the day before
- Attend the Welcome Reception the night before

REGISTER AT WWW.FHLBI.COM

The Symposium is being held in Grand Rapids and Indianapolis. Members are welcome to attend either location. The FHLBI has reserved a block of discounted hotel rooms. Links to the hotels and group discount codes are available on the registration page.

Eligible for 6 hours of CPE credits.

SYMPOSIUM GOLF OUTING

August 19

Pilgrim's Run Golf Club Pierson, Michigan

Just 30 miles from downtown Grand Rapids.

SHOT GUN START AT 11:30 AM

Your play will take you down manicured fairways lined with tall white pines and black oaks to your destination, the pristine undulating bent grass greens. Pilgrim's Run is a "must play" for golfers who enjoy the combination of tranquility, beauty, and great golf!



August 26

Woodland Country Club Carmel, Indiana

SHOT GUN START AT NOON

Woodland Country Club's golf course was an original design by famed golf course architect Bill Diddel. The 18-hole championship course, recently renovated by leading golf course architect Pete Dye, now challenges all skill levels.



Welcome Reception

All attendees are invited to join fellow members, speakers and FHLBI staff at a 7:00 p.m. Welcome Reception the night before the Shareholder Symposium at the JW Marriott in Grand Rapids and Marriott North in Indianapolis. It will be an opportunity to see old friends and make new connections over drinks and hor d'oeuvres prior to the Symposium.

Shareholder Symposium

August 20

JW Marriott • Grand Rapids, Michigan

August 27

Marriott North • Indianapolis, Indiana

SYMPOSIUM KEYNOTE SPEAKERS



Roger Lowenstein – Now a columnist for Bloomberg, Roger Lowenstein has documented the historical financial market through literary achievements such as *Buffett: The Making of an American Capitalist*, *When Genius Failed: The Rise and Fall of Long-term Capital Management*, *Origins of the Crash*, and *The End of Wall Street*. *When Genius Failed* has become a business classic in which Lowenstein captures the rise and fall of hedge fund management firm Long-Term Capital Management.



Karl Case – Whether through investing or through direct lending, the condition of the housing market is of concern to all FHLBI members. As the co-founder of the S&P/Case-Shiller Index, Karl Case will provide invaluable insight into not only the current state of housing but the ripple effects it has on personal wealth and, ultimately, on the economy as a whole.



Andrew Busch – An energetic commentator on the financial market, Andrew Busch is widely followed by clients and media for his daily observations and frequent appearances on major financial news outlets, including CNBC's "Money in Motion," the *Wall Street Journal*, The Hill, POLITICO and *USA Today*. He is sure to energize the audience with his personality and insight into the global markets.

AGENDA

- 8:30 AM** Registration/Continental Breakfast
- 9:00 AM** FHLBI Update
- 9:45 AM** Mortgage Market – Karl Case
Co-founder of the S&P/Case-Shiller Index

- 10:45 AM** Financial Market – Roger Lowenstein
Financial Journalist & Author of When Genius Failed

- Noon** Lunch & Speaker
 - Jalen Rose (GRAND RAPIDS)
 - Josh Bleill (INDIANAPOLIS)



JALEN ROSE



JOSH BLEILL

- 1:30 PM** Break-out Sessions
 - 1. Insurance Industry Roundtable
Discussion of current issues affecting industry/members
 - 2. Managing Mortgage Sales Pipeline
– Compass Analytics
 - 3. A/L Management
 - McQueen Financial Advisors (GRAND RAPIDS)
 - The Baker Group (INDIANAPOLIS)
- 2:15 PM** International Market – Andrew Busch
CNBC panelist, trusted consultant to US Treasury & Congress
- 3:00 PM** Investment Strategies
 - Darrell Wheeler, *Amherst Securities* (GRAND RAPIDS)
 - Sean Dobson, *Amherst Securities* (INDIANAPOLIS)
- 4:00 PM** Adjourn

Central Bank Overview: Expect More Upside Interest Rate Volatility

BY ANDREW BUSCH, EDITOR & PUBLISHER, "THE BUSCH UPDATE"



Today, the world's largest central banks are dominating the financial markets, as the Federal Reserve, the Bank of Japan, and the European Central Bank are all engaging in aggressive monetary policy. In 2007, the US Federal Open Market Committee (FOMC) began cutting interest rates from 5.25% to 0.25% today and has massively expanded the size of their balance sheet to over \$3 trillion with three rounds of quantitative easing. The Bank of Japan has had zero overnight interest rates so long it's hard to remember when they weren't at zero, and now the Kuroda-led bank is doubling down on increasing their balance sheet. With the LTRO (Long-Term Refinancing Operation), the ESM (the European Stability Mechanism) and the OMT (Outright Monetary Transactions), the European Central Bank created three major lending and back-up facilities to ease sovereign debt concerns and has cut interest rates below 1%. With stock markets soaring and gold tumbling, it's easy to understand the confusion most encounter when logic is applied to the financial markets' reaction to the aggressive policy. For the sake of our own sanity, let's do a quick review of what the central banks are up to and the risks that exist.



The Federal Reserve started slowly on the monetary policy moves but has kept their foot on the monetary gas in the hopes of creating a self-sustaining economy. The battle appears to be turning the Fed's way as the economic data has continued to show improvement over the last few quarters with GDP positive, job gains averaging over 200k, and a stock market that is making new all-time highs. Therefore, the risks for the FOMC and Ben Bernanke remain how and when they let the markets know they are going to turn off the monetary spigot. As a reminder, the Federal Reserve has zero experience with ramping up the balance sheet to this size nor do they have any experience unwinding a balance sheet of this size. It is highly likely the central bank will make an error of communication not of action and create interest rate volatility as a direct consequence. As a matter of fact, this is already occurring. The January release of the December FOMC minutes surprised the market as members expressed concern over the size of the balance sheet and the yield on US 10 year Treasuries rose 50bps. In May, several governors again expressed concern about the balance sheet with some suggesting the end of QE3 may be as soon as the fall. Again, this contributed to a 50bps rise in the 10yr yield as it breached 2.10%. Clearly, the Federal Reserve is going to struggle with the process, and interest rates are going to express the uncertainty via a jump in yields.

The Bank of Japan is another central bank that is struggling with messaging and with a jump in government bond yields. Back in November, candidate Shinzo Abe stated that he had a three arrow plan to generate economic growth. Dubbed Abenomics, the concept was to 1) have the Bank of Japan engage in massive quantitative easing via asset purchases; 2) have the government engage in large public works projects; and 3) have structural reform to unshackle Japanese businesses.

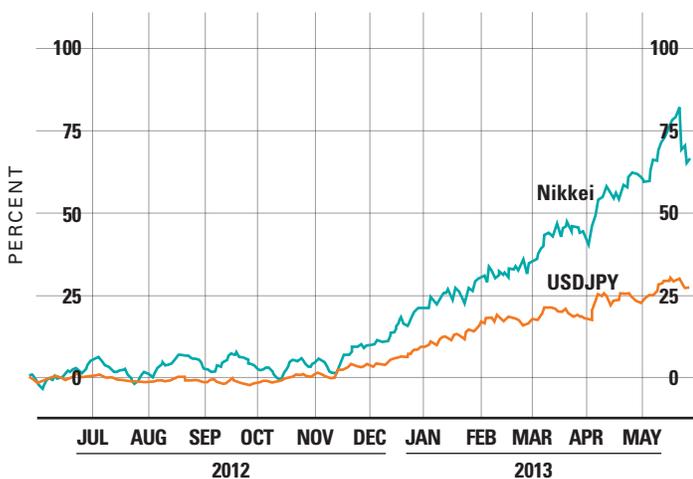


However, Abe had a problem. The current governor of the central bank did not want to increase the size of the balance sheet. The solution was simple as all Abe had to do was replace the current Bank of Japan governor (Shirakawa) with someone who would act (Kuroda). The fascinating aspect of this drama was that the markets didn't wait for the new governor to take over in April. The chart below shows the percentage gains in both the Nikkei and the USDJPY since November.



Finally, the European Central Bank has been very aggressive dealing with uncertainty surrounding their sovereign bond markets. Last summer, the ECB helped create three funding programs to provide the markets comfort that the banking system would stay solvent, the currency union would hold and the political union would not break apart. The LTRO addressed the banking issue by supplying a 3 year lending facility to banks from the ECB. The ESM or European Stability Mechanism provided a massive bailout facility in case a large, core country needed to be stabilized. Finally, the OMT gave the ECB the ability to buy almost unlimited amounts of sovereign bonds to cap their yields. All three helped reduce interest rates for the periphery European countries as well as Spain and Italy. However, there was no plan for growth from these governments as they attempted to install austerity programs to cut their debt. They needed monetary stimulus, and the ECB finally obliged by cutting interest rates in May by 25bps to 0.50% and signaled it was open to further action if needed. The ECB needs to go beyond just providing monetary backstops and transition to providing monetary stimulus via quantitative easing like the Federal Reserve and Bank of Japan. The risk for the ECB is not higher rates per se, but a European economy that is in a long recession and beginning to resemble the Japan "lost decade" experience.

Japanese Currency and Equity Appreciation vs. US \$



SOURCE BLOOMBERG

Granted, Abe did push through a Y10.3 trillion stimulus program to somewhat fulfill the government spending arrow. However, the markets acted aggressively to the signal of the three arrows and moved well before the three were loosed. Unfortunately, the yield on the 10yr Japanese government bond or JGB tripled from 0.35 to 1.0%. Clearly, the risk for the Bank of Japan comes from being so successful that domestic Japanese investors begin to sell their holdings of JGBs to invest in either stocks or foreign bonds, and this action leads to a jump in the yields of government bonds.

Clearly, all three central banks have major challenges ahead with each attempting to solve an economic problem via monetary policy, and all are at different points in the process. The Federal Reserve was the earliest and most aggressive to act and has seen the earliest results. The Bank of Japan was next to aggressively act but has seen the fastest results. The European Central Bank has yet to act aggressively and has seen the European economy continue to wilt under the strain of austerity. Clearly, interest rate volatility will continue throughout 2013 and 2014 as the markets attempt to interpret the future actions of these three key central banks.



Andrew Busch

Editor-in-chief for the global market and public policy newsletter, "The Busch Update," and a regular panelist on CNBC's "Money in Motion." A recognized expert on the world financial markets and how they are impacted by political events, Andy regularly consults with staff from the U.S. Department of the Treasury and Congress on economic, financial market and tax issues.

Come hear Andy speak at the Shareholder Symposium.



As part of an immersive learning course, Ball State University students partner with Habitat for Humanity to help rehab homes. The course is led by Prof. Janet Fick (second from right) with assistance from Jason Haney (right) of Habitat for Humanity of Greater Muncie.

AFFORDABLE HOUSING PROGRAM

Academics & Affordable Housing Join Forces

By MIRIAM LEMEN, AVP - COMMUNICATIONS MANAGER

Students from Notre Dame University in South Bend, Indiana and Ball State University in Muncie, Indiana are putting new skills to work through partnerships with local housing organizations.

Habitat for Humanity & Ball State

Habitat for Humanity of Greater Muncie (Habitat), partnering with MutualBank, planned to apply for a \$15,000 Affordable Housing Program (AHP) grant in 2012 to fund the rehab of a home for a single mother and her son, but the organization needed assistance in preparing the application. “It was really the FHLBI’s application process that set in motion the collaboration with Ball State,” explained Kelli Kern, Resource Development Director. “We needed help with understanding some of the green building criteria for the AHP application, so we called on Janet Fick at the university to help us.” Fick, a construction management professor at Ball State who is also LEED certified and a licensed architect, was happy to consult with Habitat on the project.

Building on this initial collaboration, Jason Haney, Field Operations Manager for Habitat, realized that a partnership with Habitat would create an excellent opportunity for an “immersive learning” course for Ball State students and approached Fick with the idea. Funded with various grants,

immersive learning courses bring together students from several disciplines to create learning experiences that allow students to use their skills in real-world situations.

Students enrolled in Fick’s course for the spring 2013 semester were studying interior design, architecture, historic preservation and construction management. They gathered either in a campus classroom or at one of the four project homes.

Kirstin Payer, an interior design student, enjoyed the class because of getting to work with people in other fields. For a home in nearby Yorktown, Payer worked on re-designing the kitchen, selecting cabinets, flooring, hardware, and countertops, in addition to drawing layouts to see how to make the best use of the small space. Students had access to Habitat’s suppliers to accurately estimate costs.

Haney said that both Habitat and Ball State benefit from their partnership. “Analyzing a home to rehab is time-consuming,” explained Haney. “Having access to students who can handle the planning and estimating is very helpful. Another benefit is that this partnership has opened the door for internships with Habitat.”

Fick added that the partnership also teaches students about money and budgets. Some students' designs were creative but a bit too "pie-in-the-sky" for Habitat's budget. She allowed them to develop the plans anyway to present to Habitat even though she knew the designs would not meet Habitat's standards. "It's all part of the learning process," said Fick. "Sometimes students get to work directly with the partner family, which also provides a key learning experience."

Habitat has applied for an AHP grant in partnership with FHLBI member MutualBank to help fund the renovations. A family has already been selected for the Yorktown home.



Austin Shrock (foreground) works with **Austin Harris** on surveying a home in Yorktown, IN.

Mosaic & Notre Dame

An idea begun three years ago is coming to fruition. Mosaic, a faith-based organization serving people with intellectual disabilities with locations throughout the United States, partnered with architecture students from the University of Notre Dame to design a group home in Elkhart, Indiana.

The City of Elkhart had already collaborated with architecture students at Notre Dame through its Center for Building Communities to develop a master plan for the City, so when Mosaic came calling for design assistance for the group home, the partnership was a natural fit.

Mosaic selected the property on which to build the group home based on a list of properties the City had already slated for redevelopment. Mosaic ultimately chose a corner lot in a downtown historic district to enable clients to interact with the community. Designing a group home that best

fit the needs of Mosaic's clients became both a learning and challenging experience. At the outset, the architecture students designed a much larger home than Mosaic had planned and budgeted for, but rather than throw out the design and begin again, Robert Franco, Mosaic's Director of Construction and Facilities, challenged them to achieve the same goal in a different way by asking them, for instance, to decide which features were most important and what could be completed on a smaller scale.

Unfortunately, the project was delayed when the State of Indiana began discussions about changing the group home model and how non-profits are reimbursed. Once those issues were resolved, Mosaic again focused on building the group home and happily did not have to start from scratch. The students who had originally designed the home had graduated, but their professors became liaisons to new architecture students. A modified design was submitted to an architectural firm for final modifications, and Mosaic at last broke ground on the home in June with an anticipated completion date of early 2014.

The four-bedroom group home features an open floor plan to accommodate residents' accessibility needs. "Mosaic's mission in this project is to provide quality housing that gives individuals independence and a place to learn practical skills," said Franco. "For example, the kitchen is arranged in such a way that we can teach residents skills on site." Green building initiatives were incorporated where possible, including flooring and drywall made of recycled materials.

Franco added that connecting with the students was a great experience, but he was most impressed by how they responded once they knew about Mosaic's mission. The partnership was so successful, he stated, that the team is working on another group home planned for Terre Haute, Indiana.

FHLBI member 1st Source Bank was awarded an AHP grant of \$500,000 to assist Mosaic Housing of Elkhart with the project.



To learn more about how the FHLBI's Affordable Housing Program can go to work in your community to increase affordable housing options, contact the Community Investment Department at 317.465.0368 or 800.688.6697 or visit www.fhlbi.com.

CENTRAL PARK PLACE

Vision for a Vacant Lot

BY MIRIAM LEMEN, AVP - COMMUNICATIONS MANAGER

Nobody appreciates Central Park Place in Columbus, Indiana more than the residents. When asked about her favorite part of her new apartment, Nancy Routier, Central Park Place's first resident, exclaimed, "Having a washer and dryer in my own apartment!" Routier literally watched her apartment take shape, driving by the site regularly to check on the project's progress. After living in Florida for 20 years, Julie Graham, another resident, returned to her hometown of Columbus following the death of her husband. She found that rent was expensive, gobbling up 50 percent of her income. "Now," Julie said tearfully, "I can pay rent AND buy groceries and gas for my car."

Built on a vacant lot in an industrial area near downtown Columbus, Central Park Place has helped to revitalize the neighborhood. At the project's ribbon-cutting ceremony, Jacob Sipe, Executive Director of the Indiana Housing & Community Development Authority, spoke about Columbus's outstanding revitalization plan. "The City has a vision of what it wants to do. This project can be a cornerstone for more development," said Sipe. Former Columbus Mayor Fred Armstrong agreed. Growing up in the neighborhood, Armstrong recalled a time when a canning factory occupied the property just south of the apartment site where farmers brought sweet corn and tomatoes to be processed. He added other areas remain that could support another project similar to Central Park Place.

The project offers 63 one- and two-bedroom apartments for residents age 55 and over, featuring gourmet kitchens, bathrooms with step-in showers and laundry rooms with modern, efficient front-loading washers and dryers. The three-story atrium offers comfortable seating for residents to sit and chat, and they have full use of a kitchen/dining room, TV viewing room, exercise room and business center.

Central Park Place was developed by Miller-Valentine Group and partially financed with an Affordable Housing Program grant of \$500,000 awarded to FHLBI member Merchants Bank of Indiana.

At the ribbon-cutting ceremony for Central Park Place, many organizations and individuals were recognized for their roles in the development of the project, including (left to right) Jacob Sipe, Executive Director of IHCD; Trish Lewis, FHLBI's AHP Portfolio Manager; Jeff Spahn, AVP, Merchants Bank of Indiana; and Greg Teare, FHLBI's Chief Banking Officer.



Central Park Place in Columbus, IN, features 63 affordable one- and two-bedroom apartments for residents age 55 and older.

AHAC Tour

FHLBI's Affordable Housing Advisory Council (AHAC), several Board members and staff toured the South Bend and Mishawaka, Indiana area as part of the AHAC quarterly meeting.

The tour encompassed a bus and walking tour of several Affordable Housing Programs (AHP) projects and one Community Investment Program (CIP) project. Since 1990, over \$5.4 million in AHP subsidy has been awarded in the area, assisting 578 units.

Heritage Homes, South Bend

This project substantially rehabbed the 54 two- and three-bedroom units of Heritage Homes in South Bend's historic district. The project received an AHP grant of \$585,000 in 2011 from Lake City Bank. Common areas in the project's interior provide residents with playground and recreational space. The South Bend Heritage Foundation acquired an adjacent home and rehabilitated it for a leasing office and community activities.

South Bend/Mishawaka Scattered Sites

Jim Williams, Executive Director of St. Joseph County Habitat for Humanity, and Elena Flynn, Grant Administrator, joined the tour to talk about recent building plans and ReStore openings in the area. Habitat for Humanity of St. Joseph County received a \$96,000 AHP award from 1st Source Bank in 2012 to build eight homes in South Bend and Mishawaka. These three-, four-, and five- bedroom homes will range from 1,120 to 1,450 square feet.

River Center Apartments, Mishawaka

This 32-unit senior project is the adaptive reuse of the historic Mishawaka High School, which also had a previous life as a furniture store. The stately brick building occupies a prominent downtown location adjacent to a redeveloped riverfront park. An AHP award of \$305,482 from 1st Source Bank in 2011 supported 27 units; the remaining units are market-rate rentals.



The former high school in Mishawaka, IN was transformed into River Center Apartments. The project features 32 apartments for senior citizens.

Habitat for Humanity ReStore, Mishawaka

In partnership with 1st Source Bank and a \$1.5 million loan funded with a CIP advance and supported by Mishawaka Tax Increment Financing funds, Habitat opened a ReStore in an old Frank's Nursery & Crafts building in Mishawaka. Centrally located in a prime retail area, this location allows an expansion of the customer base. The projected sales increase of 30-50 percent within the first two years of operation will generate additional profits to allow more Habitat homes to be built.

S&P Affirms Rating & Revises Outlook **AA+**

Standard & Poor's Ratings Services (S&P) recently affirmed the "AA+" rating on the Federal Home Loan Bank System's debt issues and revised its outlook on the debt issues from negative to stable. S&P has also revised its outlooks for all 12 Federal Home Loan Banks from negative to stable.

Laddered Funding via Advance Specials

Although liquidity remains high, many financial institutions are in need of term funding to defend against rising interest rates. While the FHLBI's regular programs offer access to a wide variety of funding options, periodic advance specials open the door for all FHLBI members to capitalize on market opportunities and benefit from the FHLBI's best pricing regardless of transaction size. During 2013, FHLBI has offered several specials ranging from 18 months to 10 years, which has permitted members to economically ladder funding and plug maturity gaps.



If market conditions permit, the FHLBI is likely to offer additional specials throughout 2013 to assist members with funding needs. Keep your eyes open for future specials.



Welcome Home

As another way to fulfill our affordable housing mission, the FHLBI partnered with Second Starts and 100,000 Homes Campaign to sponsor a competition among teams of employees to see who could assemble welcome kits of household cleaning supplies in the least amount of time. The kits were given to families moving out of homelessness into permanent housing. Fifteen teams packed 45 kits. The winning team was the "Clean-Up Crew," made up of marketing and credit services staff (left to right) Doreen Koning, Kathy Crumpton, Dennis Haworth, Jim Eibel, and Matt Fix.

Families are becoming homeowners and helping to stabilize neighborhoods thanks to the mortgage loans FHLBI members have originated.



MPP Adds Value to Members' Mortgage Activity

BY CATHY GARRETT, AVP - MORTGAGE ACQUISITIONS MANAGER

The Mortgage Purchase Program (MPP) is now in its twelfth year of providing FHLBI members with a competitive secondary market outlet for high-quality, conforming, fixed-rate mortgages.

One of the benefits that MPP sellers value most is the consistency of FHLBI's underwriting standards. As proof of that consistency, MPP issued an updated MPP Guide in April, the first update since 2010. While our underwriting starts with an automated underwriting system (AUS) approval, our focus is on providing a consistent outlet for loan sales with the least amount of disruption to your current work flow. The update is intended to give you as much guidance as needed while keeping it simple and easy to understand. Your feedback is always welcome to help us improve this important tool.

Appraisals & Comps

The appraisal review continues to be the greatest challenge for our sellers, and we rely on our community financial institutions that know their local markets to determine they have a property value that reflects market conditions. It is important that you review the comps to be sure they are similar to the subject and that the adjustments are appropriate for each one. While it is difficult in today's sluggish purchase market to find comps, it is even more important that the appraiser explain major differences and large adjustments and not simply include the "boiler plate" language of the past.

The challenge for MPP is to be able to purchase as many of your originations as possible but also to protect your ownership interests in being sure we are buying investment-quality loans to protect your dividend. While we are a small staff, we are always happy to discuss loan scenarios with you.

Following the Rules

Qualified mortgage (QM) guidelines published in January 2013 go into effect January 10, 2014. We continue to get clarification notices on this comprehensive legislation. As preparations begin for the changes, MPP has already implemented the 43 percent debt-to-income limitation as outlined in the new rule. MPP will continue to make the changes necessary to comply with both Dodd-Frank and QM rules.

There has been much concern over the lengthy rule and the impact it will have on the industry's willingness to make loans that do not clearly meet every aspect of the QM designation. Some within the industry fear that it will reduce access to credit that qualified borrowers need to buy homes, potentially constraining the housing market recovery. The underlying premise of a key component of the rule, the "ability to repay," can be supported and is one that we feel our community lenders have embraced and adhered to all along.

Competitive Pricing

While the third round of quantitative easing (QE3) continues, our pricing has remained competitive in most cases. We are committed to providing a competitive alternative for secondary market loan sales with a simple pricing structure, excellent customer service and a potential reward for making good quality loans via the Lender Risk Account.

Learn More

As Congress and the FHFA work on future plans for the government-sponsored enterprises and the secondary market, the FHLBI is positioned to continue to provide a stable resource for mortgage loan sales. Many surveys, including one that the FHLBanks are currently conducting, ask you for feedback on what the future of the secondary market should look like to meet your needs. We welcome your thoughts and ideas on how we can improve and expand our MPP to fit your needs not only today but into the future.

MPP staff currently supports a portfolio balance of \$6 billion and over 100 active sellers. We pride ourselves on our excellent customer service. We encourage you to contact us and put us to the test.

Why should MPP be your first choice for secondary market loan sales?

- 1 Simple pricing structure with only one loan-level price adjustment
- 2 Competitive pricing
- 3 Financial strength and stability of FHLBI
- 4 Dividends – your participation contributes to the profitability of MPP, and it comes back to you in the form of quarterly dividends
- 5 Lender Risk Account (LRA) – you are rewarded for making good, quality loans
- 6 Local decision making and great customer service

For additional information about MPP Advantage, call 800.274.4636 or contact Cathy Garrett, Mortgage Acquisitions Manager, at 317.465.0553, cgarrett@fhlbi.com or visit www.fhlbi.com.

community spirit

Carol A. Taylor, Vice President-Counsel and Compliance Officer of Amerisure Mutual Insurance Company in Farmington Hills, Michigan, recently received the FHLBI's Affordable Housing Advisory Council's annual Community Spirit Award.

A Devoted Volunteer

Carol was nominated for this award because of her involvement with Vista Maria, a non-profit organization in nearby Dearborn Heights that provides care, support treatment and education for young girls and youth who have been victims of abuse and neglect. Carol was instrumental in advocating for Amerisure to sponsor the Shepherd Hall permanent supportive housing project at Vista Maria in 2011. As a result, this 22-unit renovation project received an FHLBI Affordable Housing Program award of \$750,000 and was able to leverage this award to gain another \$750,000 in donations.

Carol is a devoted Vista Maria volunteer on many levels. As a mentor, she works directly with residents to provide tools and resources needed to achieve their goals and dreams. She currently is a member of Vista Maria's Board of Directors as an advisor, serving on a committee responsible for recommending improvements regarding the effectiveness, quality and performance of the agency's client programs. In receiving her award, she noted, "I am the one who benefits the most from the time I spend working with Vista Maria residents."

Carol has been an active volunteer wherever she has lived, serving as co-resident director at Minnesota's "A Better Chance Incorporated," Girl Scout leader, Partner Program at Cornerstone Schools, her neighborhood association and numerous other charitable organizations.



Carol Taylor was honored with a Community Spirit Award for her volunteer efforts with Vista Maria in Dearborn Heights, MI. Celebrating after the award ceremony at the Building Michigan Communities Conference were Amerisure employees (left to right): Eric Turmel, Corporate Communications and Marketing Coordinator; Stephanie Moseley, Regulatory Compliance Auditor; Carol Taylor, VP-Counsel and Compliance Officer; and Kevin Clement, Director of Enterprise Risk Management.



Carol Taylor was instrumental in Amerisure being awarded an AHP grant of \$750,000 to help fund the renovation of Shepherd Hall on the Vista Maria campus. Shepherd Hall provides dorm-style living for young women aging out of the foster care system.



The FHLBI and our Affordable Housing Advisory Council present the annual Community Spirit Award to honor an individual from one of the FHLBI's member financial institutions

who has shown outstanding dedication to affordable housing and community economic development. Judging is based on a nominee's dedication to community, spirit, and action.



FALUBI



Milton J. Miller

PRESIDENT-CEO 2007-2013

*Thank you, Milton,
for 35 years
of outstanding service.*

Best wishes on your retirement.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

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