



# MEMBERSHIP APPLICATION INSTRUCTIONS

## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)

**Prior to completing this membership application, please contact an FHLBI representative (listed below) to discuss pertinent issues regarding membership by a CDFI.**

1. Prepare and submit an original of this membership application to:  
Underwriting & Collateral Operations Department  
Federal Home Loan Bank of Indianapolis  
8250 Woodfield Crossing Boulevard  
Indianapolis, IN 46240  
  
If you wish to transmit the completed application packet electronically, please securely submit the application and materials to [CreditUnderwriting@fhlbi.com](mailto:CreditUnderwriting@fhlbi.com) and notify one of the listed contacts below.
2. Prepare and include with the application the following documents related to the CDFI applying for membership:
  - a. A copy of the financial statements for the most recent six quarters and the three most recent fiscal year-ends.
  - b. A copy of the most recent independent audit report conducted by a certified public accounting firm in accordance with generally accepted auditing standards (GAAS).
  - c. A copy of the most recent organizational structure and/or schedule of affiliates and subsidiaries. The following should also be submitted for each identified controlled affiliate/subsidiary:
    - i. The most recent financial statements for the affiliate/subsidiary. Financial statements should include, but are not limited to, income and expense statements, statements of financial position, cashflows and activities.
    - ii. Descriptions of the lines of business and purpose of each controlled affiliate/subsidiary.
    - iii. Detailed financial disclosures of the relationship between the applicant and its affiliates/subsidiaries (such as indebtedness or subordinate debt obligations), disclosures of interlocking directorships with each affiliate and identification of temporary and permanently restricted funds (and requirements of those restrictions).
  - d. A copy of the certification received from the CDFI Fund. If the certification is more than three years old, the applicant must submit a written statement attesting that no material events that would adversely affect its strategic direction, mission or business operations have occurred since receipt of certification.
  - e. A copy of the Home Financing Policy (or other formal policy) and mortgage loan underwriting guidelines. Applicants should also include a written justification and supporting documentation/evidence on how and why the applicant's home financing activities and business operations are consistent with the FHLB system's housing finance mission.
  - f. A copy of the CDFI's Articles of Incorporation, Articles of Association or Articles of Charter (as applicable), along with all amendments needed to establish exact legal name and a copy of the current bylaws.
  - g. A list of all directors and senior officers of the CDFI.

If you have any questions regarding completion of this application, please contact:

Scott Stansberry,  
FVP, Senior Director of Underwriting and Collateral Operations  
(317) 465-0505  
[dstansberry@fhlbi.com](mailto:dstansberry@fhlbi.com)

Jonathan T. Bundy,  
VP, Underwriting Manager  
(317) 465-0448  
[jbundy@fhlbi.com](mailto:jbundy@fhlbi.com)



# MEMBERSHIP APPLICATION

## COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)

Name of CDFI:		
Street Address:		
P.O. Box:		
City:	State:	Zip:
Phone number:	Fax number:	
Website Address:		
Name of Primary Contact Person:		
Title of Primary Contact Person:		
Phone number:	E-Mail Address:	

### GENERAL INFORMATION

1. Name Managing Officer: \_\_\_\_\_ Title of Managing Officer: \_\_\_\_\_
2. Location of any branch offices (if applicable): (attach a separate sheet)
3. Has the applicant ever been a member of the Federal Home Loan Bank System? ☐ Yes ☐ No  
If so, when? \_\_\_\_\_  
Why did the CDFI withdraw from membership? (attach a separate sheet)
4. What is the date of the CDFI's fiscal year-end? \_\_\_\_\_
5. Is the CDFI incorporated under state or tribal law? \_\_\_\_\_

Name of CDFI: \_\_\_\_\_

6. Indicate the applicant's type of CDFI:

☐ Community Development Venture Capital Fund

☐ Community Development Loan Fund

☐ Other - List: \_\_\_\_\_

7. Merger Activity Information:

a. Has there been any merger or acquisition activity in the last two years of operation? ☐ Yes ☐ No

b. Are there any pending mergers that will take place in the next two quarters? ☐ Yes ☐ No  
(If so, please attach a separate sheet briefly explaining.)

Name of CDFI: \_\_\_\_\_

## MINIMUM FINANCIAL CONDITION STANDARDS WORKSHEET

(Based on the most Recent Financial Statements)

\_\_\_\_\_  
Most Recent Financial Statement

### NET ASSET RATIO:

(net assets and total assets include restricted assets)

NET ASSETS  
(residual value of assets over liabilities) \$ \_\_\_\_\_

Divided by:

TOTAL ASSETS \$ \_\_\_\_\_

Equals

NET ASSET RATIO \_\_\_\_\_ %

(must equal or exceed 20%)

### EARNINGS:

(net income is defined as gross revenues less total expenses)

(rolling periods should start with the most recent financial statement)

TIME PERIOD

NET INCOME (YEAR 1) \$ \_\_\_\_\_

NET INCOME (YEAR 2) \$ \_\_\_\_\_

NET INCOME (YEAR 3) \$ \_\_\_\_\_

TOTAL INCOME LAST 3 YEARS \$ \_\_\_\_\_

DIVIDE BY 3 FOR AVERAGE \$ \_\_\_\_\_

(must be positive measured on a rolling three-year average)

### LOSS RESERVES:

LOAN LOSS RESERVE  
(reserves specific for loans expected to be uncollectible)

Divided by:

LOANS PAST DUE 90 DAYS OR MORE  
(include loans sold with full recourse)

Equals

LOSS RESERVE RATIO \_\_\_\_\_ %

(must be at least 30%)

### LIQUIDITY RATIO:

	Most Recent Qtr (MRQ)	MRQ-1	MRQ-2	MRQ-3	Preceding Yr 1	Preceding Yr 2
UNRESTRICTED CASH AND CASH EQUIVALENTS	_____	_____	_____	_____	_____	_____

Divided by:

AVERAGE QUARTERLY OPERATING EXPENSE	_____	_____	_____	_____	_____	_____
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Equals

LIQUIDITY RATIO \_\_\_\_\_

(must be at least 1.0 for the most recent 4 quarters and one or both of the preceding two years)

Name of CDFI: \_\_\_\_\_

## COMPUTATION OF FHLBANK CAPITAL STOCK REQUIREMENT

Pursuant to Section V of the FHLBank Indianapolis Capital Plan, each institution applying for membership must purchase and maintain FHLBank Indianapolis Class B capital stock in an amount equal to its membership stock requirement. The FHLBank Indianapolis Capital Plan defines the membership stock requirement as a percentage of the member's total assets subject to certain minimums and maximums. The initial membership stock requirement for your institution is as follows:

\_\_\_\_\_  
Date - Latest Quarter-End

### CDFI, BANK, CREDIT UNION APPLICANT REQUIREMENT

TOTAL ASSETS \$ \_\_\_\_\_

0.10% OF TOTAL ASSETS ROUNDED TO NEXT  
HIGHEST \$100  
(Line 2) \$ \_\_\_\_\_

MINIMUM REQUIREMENT \$ 7,500

MAXIMUM REQUIREMENT \$ 5,000,000

DOLLAR AMOUNT OF FHLB STOCK REQUIRED  
(Enter Line 2 or Minimum/Maximum if Line 2 outside  
those bounds) \$ \_\_\_\_\_

Name of CDFI: \_\_\_\_\_



## **APPLICATION FOR MEMBERSHIP AND PURCHASE OF STOCK IN FEDERAL HOME LOAN BANK**

\_\_\_\_\_  
Date of Application

The undersigned applicant hereby applies for membership in the Federal Home Loan Bank of Indianapolis (FHLBank) and, if approved for membership, will purchase \_\_\_\_\_ shares of stock at the par value of \$100 each in the FHLBank, and agrees to make payment in the amount of \$\_\_\_\_\_ as payment of said stock purchase within 60 calendar days of approval for FHLBank membership.

Applicant is of the opinion that it is eligible to become a member of the FHLBank and that it is authorized to purchase and hold capital stock in the FHLBank and to maintain deposits there. Applicant understands that this application must be considered, acted upon, and approved by the Federal Housing Finance Agency (FHFA) before becoming a member of the FHLBank.

In submitting this application, applicant understands and agrees that:

1. Applicant will be advised whether or not its application for membership is approved.
2. If admitted to membership, applicant will conform to all requirements of the Federal Home Loan Bank Act, as now or hereafter amended, and to the rules and regulations thereunder.
3. In applying for, and if applicant is admitted to membership, the FHFA and the FHLBank are authorized to receive any information, examination reports and other supervisory materials provided by the appropriate state or federal regulatory authority or officer exercising supervisory authority over applicant regarding applicant and its affairs.
4. Applicant will not represent itself to be a member of the FHLBank until applicant has received notice of approval of membership and has purchased its minimum stock requirement.

Name of CDFI: \_\_\_\_\_

## AFFIDAVIT OF MANAGING OFFICER

State of                                }  
  }               SS  
County of                            }

I, \_\_\_\_\_, Managing Officer of

\_\_\_\_\_  
Name of CDFI

do solemnly swear that, to the best of my knowledge and belief, the financial statements of said CDFI correctly reflect the true financial condition thereof; that said CDFI has no undisclosed assets nor any undisclosed liabilities either real or contingent that are not recorded therein; that all notes, mortgages, or other instruments supporting the assets recorded on the CDFI's financial statements are in full force and effect and that the signatures appearing thereon are genuine; and that there are no undisclosed commitments, no material pending suits, nor unsatisfied judgments against the CDFI, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Managing Officer

Subscribed and sworn to this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Name of CDFI: \_\_\_\_\_



## **OFFICER CERTIFICATION ON CORPORATE, DIRECTOR, AND SENIOR OFFICER CONDUCT**

I certify that I am the chairperson, managing officer, or other duly authorized officer of the above applicant and that it is authorized under the laws of the United States and of this State, and under its corporate charter, constitution and bylaws, and by board resolution to apply for membership in, buy stock, do business with, open accounts, maintain deposit(s) in, become a member of the Federal Home Loan Bank referred to, and pay the expenses incident to such application; and that the foregoing has been legally done and validly executed to accomplish such purposes.

Furthermore, at the present time, I certify that except as described in a separate document filed with this membership application:

### **Criminal, Civil or Administrative Proceedings**

Neither the applicant nor any of its directors or senior officers has been the subject of any criminal, civil or administrative proceedings reflecting upon creditworthiness, business judgment or moral turpitude in the past three years.

### **Criminal, Civil or Administrative Monetary Liabilities, Lawsuits or Judgments**

There are no known potential criminal, civil or administrative monetary liabilities, material pending lawsuits or unsatisfied judgments against the applicant or any of its directors or senior officers arising within the past three years that are significant to the applicant's operations.

Date: \_\_\_\_\_

\_\_\_\_\_  
Chairperson or Managing Officer



Name of CDFI: \_\_\_\_\_

I certify that I am the duly elected, qualified, and acting secretary (or cashier) of the above mentioned applicant and that at a regular meeting of its board of directors/trustees or at a special meeting thereof called for that purpose, a quorum being present, a resolution was adopted, and recorded in the minutes as follows:

“BE IT RESOLVED that this CDFI applies for membership in the Federal Home Loan Bank of Indianapolis, that if approved for membership it will subscribe and pay for stock therein as provided in the Federal Home Loan Bank Act, as amended, and that it be fully authorized to do business with, and exercise all of the privileges of membership in said Bank as provided in said Act;”

“BE IT FURTHER RESOLVED that the managing officer and secretary (or cashier) be authorized and directed to execute an application as prescribed by the Federal Housing Finance Agency and any other papers and documents required in connection therewith, to pay all expenses, and to do all other things necessary or proper in connection with applying for, obtaining and retaining such membership privileges thereof as the said Agency may by regulations prescribe.”

I further certify that, pursuant to said resolution, the foregoing application for membership was duly executed and that any information and documents required by the Federal Housing Finance Agency are attached or accompany the same and that said information is correct and said documents are true and correct copies of what the same purport to be.

\_\_\_\_\_  
Secretary or Cashier

Name of CDFI: \_\_\_\_\_

## MORTGAGE LENDING QUESTIONNAIRE

1. Please place an (x) next to each type of long-term mortgage loan the bank originates (include loans originated that will subsequently be sold within the secondary market and those originated through subsidiaries):

Original Maturity	Fixed-Rate	Variable-Rate	Amortization Period
5-year balloon:	_____	_____	_____ Years
7-year balloon:	_____	_____	_____ Years
10-year balloon:	_____	_____	_____ Years
10-year	_____	_____	_____ Years
15-year	_____	_____	_____ Years
20-year	_____	_____	_____ Years
30-year	_____	_____	_____ Years
Other	_____		
Maximum loan-to-value:	_____	% (Fixed-Rate)	
	_____	% (Variable-Rate)	

Other comments regarding home mortgage loan programs offered:

2. Is your CDFI an approved seller/servicer for: FHLMC? ☐ Yes ☐ No FNMA? ☐ Yes ☐ No

3. Does your CDFI offer mortgage loans on multi-family dwellings? ☐ Yes ☐ No

If so, please describe briefly the terms offered.

The following Home Financing Policy – Sound and Economical Determination and Alignment with the FHLB System Mission are only required for institutions not subject to the Community Reinvestment Act (CRA). If your institution is subject to, and has received a CRA rating, please provide documentation regarding that rating and disregard the following sections.

### Home Financing Policy – Sound and Economical Determination

A requirement for FHLB applicants outlined in 12 CFR §1263.6 (a)(6) requires applicants demonstrate their “home financing policy is consistent with sound and economical home financing.” While there is no formal regulatory definition on what constitutes “sound and economical home financing,” FHLBank Indianapolis requires the following parameters to demonstrated in the submitted home financing policy to qualify as “sound and economical”:

1. Underwriting Standards – Guidelines or selection criteria for originating or investing in home loans and/or residential investment transactions (e.g. RMBS purchases).
2. Risk Management Practices – Risk management activities taken to ensure the home financing activities are being done in a safe and sound manner.
3. Compliance with Laws and Regulations – Home financing transactions must comply with all applicable laws and regulations.

An applicant that does not have a formal home financing policy may provide separate procedural or policy documents that will serve as a “de facto home financing policy” provided they contain and demonstrate the three core parameters outlined above.

***The following questions and responses will assist in supporting the basis for determining if the applicant’s home financing policy (or de facto home financing policy) is “sound and economical.”***

1. What policies or procedures, if any, has the applicant adopted that address how the applicant finances or invests in housing-related assets that is consistent with sound and economical transactions? Examples include mortgage loan underwriting guidelines, investment selection criteria, consumer protection and fair housing guidelines or other similar policies or procedures. Please list and provide copies of all relevant documents to the Bank:

- 
2. Does the applicant have underwriting standards or selection criteria for their home financing transactions? ☐ Yes ☐ No

In general, please describe these standards and note where these references are located within your policy or procedural documents:

- 
3. Does the applicant have risk management practices in place to adequately manage and control the risk associated with their home financing transactions? Examples can include stress testing, reporting to senior management, loan/investment reviews, concentration limits, etc. ☐ Yes ☐ No

In general, please describe these practices and note where these references are located within your policy or procedural documents:

4. Does the applicant abide by all applicable laws and regulations when engaging in their home financing transactions? ☐ Yes ☐ No

In general, please describe how the applicant abides by applicable laws and regulations and note where adherence to these laws are located and referenced within your policy or procedural documents:

5. Does the applicant engage in any “non-traditional” lending or investment activities such as subprime lending, non-qualified mortgage lending, investment in private-label RMBS or other alternative residential lending or investment activities? ☐ Yes ☐ No

“Non-traditional” home financing activities are acceptable to engage in provided they controlled and managed in a safe and sound manner. Please describe the additional risk mitigation controls taken for these types of activities. Examples include more conservative underwriting standards or selection criteria, additional or increased frequency of reporting, or other efforts that help mitigate the additional risk these activities exhibit.

### FHLB System Mission Alignment

A requirement for FHLB applicants not subject to the Community Reinvestment Act (outlined in 12 CFR §1263.13(b) require applicants submit a written justification on how and why their home financing policy (or de facto home financing policy) is consistent with the FHLBank System’s housing finance mission.

12 CFR §1265.2 provides that, “The mission of the FHLBanks is to provide to their members' and housing associates financial products and services, including but not limited to advances, that assist and enhance such members' and housing associates financing (a) Financing of housing, including single-family and multi-family housing serving consumers at all income levels; and (b) Community lending.”

The FHLBank Indianapolis expects applicants to demonstrate the ability to originate, acquire or invest in single-family and/or multi-family home mortgage loans and/or securities backed by these loans; abide by all relevant consumer protection laws and regulations; and engage in community development, support or investment activities that meet the needs of the community the applicant serves.

***The following questions and written responses will assist in supporting the basis for determining if the applicant’s home financing policy (or de facto home financing policy) is consistent with the FHLBank System’s housing finance mission.***

1. Does the applicant originate, acquire or invest in single-family and/or multi-family home mortgage loans? ☐ Yes ☐ No
2. Does the applicant invest in securities backed by single-family and/or multi-family home mortgage loans? ☐ Yes ☐ No
3. When originating or acquiring single-family and/or multifamily home mortgage loans or investing in securities backed by these loans, does the applicant abide by all applicable federal, state and local anti-predatory lending, credit-related consumer protection, unfair and deceptive lending practice, and fair housing and other similar nondiscrimination laws and regulations? ☐ Yes ☐ No

Please describe how the applicant abides by consumer protection laws and regulations and note where adherence to these requirements is located and referenced within your policy or procedural documents. Please also describe any other efforts taken to ensure consumers rights are being protected.

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4. What housing-related activities does the applicant engage in that support the needs of the community it serves? Examples include lending to low-income, distressed or underserved geographies, providing insurance related to housing (homeowners, title, flood, mortgage, etc.), investment in low-income tax credits, providing first-time homebuyer assistance, providing financial literacy education, or other community development, support or investment activities that meet the needs of the community.

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In addition to answering the above questions, please submit with your application a formal written justification that outlines how and why the applicant feels their home financing policy and business activities are consistent with the mission of the FHLBanks. In drafting your statement, please include items and information that:

- Recognizes the importance of the FHLBank System housing finance mission with emphasis on sound and economical transactions.
- Identifies the relevant policies or procedures that describes the applicant's philosophy regarding the origination, investment or acquisition of mortgage-related assets. Mortgage-related assets include single-family home mortgage loans, home equity loans and lines-of-credit, multifamily home mortgage loans (apartment buildings, college dormitories, nursing homes/care centers for elderly individuals, etc.), and pass-through, mortgage-backed securities and collateralized mortgage obligations (CMOs and REMICs) backed by residential mortgage loans.
- Describe policies, procedures, and practices to ensure compliance with applicable anti-predatory lending, fair-housing and consumer protection laws for both origination and investment activities.
- Describe in what ways the applicant participates in community development and support and otherwise meets the needs of the community the applicant serves.
- Identify and describe products and services offered to the communities the applicant serves that align with the mission of the FHLBank System.

***Please attach with your written justification statement all applicable policies, references and other supporting information that should be considered and evaluated by the FHLBank Indianapolis.***

Name of CDFI: \_\_\_\_\_

## COMPUTATION OF RESIDENTIAL MORTGAGE LOAN & LONG-TERM HOME MORTGAGE LOAN REQUIREMENT

Date - Latest Quarter-End

### 1-4 Family Residential Mortgage Loans (Include First and Junior Liens)

Subtract vacant lot loans and all construction loans.

1. \$ \_\_\_\_\_

### Multi-Family Residential Mortgage Loans

Subtract vacant lot loans and all construction loans.

2. \$ \_\_\_\_\_

### Funded Residential Construction Loans

Subtract unfunded loans, nonresidential loans and land development loans.

3. \$ \_\_\_\_\_

### Consumer Loans

Include only manufactured housing loans not secured by real estate, but subtract other consumer loans such as vehicle or educational loans.

4. \$ \_\_\_\_\_

### Residential Mortgage Pass-Through Securities

5. \$ \_\_\_\_\_

### Residential Mortgage-Derivative Securities

6. \$ \_\_\_\_\_

### Total Residential Mortgage Loans

Line 6 divided by Line 7 of Previous Page (Residential Mortgage Loans)

7. \$ \_\_\_\_\_

### Total Assets

8. \$ \_\_\_\_\_

### PERCENT OF RESIDENTIAL MORTGAGE LOANS

Line 7 divided by Line 8

9. \_\_\_\_\_ %

### Long-term Home Mortgage Requirement

Enter the lesser of \$5 million or 10% of Total Residential Mortgage Loans (Line 7)

10. \_\_\_\_\_

Footnote: An applicant's most recent financial report should reflect total residential mortgage loans in an amount to at least (i) \$50 million or (ii) 5% of total assets, whichever is less. Assets qualifying as residential mortgage loans are defined in §1263.1 of the Membership Regulation. Other types of loans not listed above that are residential in nature may also qualify and will be reviewed as requested. An applicant that holds residential mortgage loans identified in its most recent financial reports but does not meet the threshold requirement above should provide documentation to the Bank reflecting that the applicant's current business operations and activities represent a material commitment to housing finance (Page 14).

An applicant's balance sheet must reflect ownership of long-term home mortgage loans in the amount of 10% of residential mortgage loans or \$5.0 million, whichever is less. Use the Computation of Long-term Home Mortgages (Page 13) to identify amounts of long-term home mortgage loans to satisfy this requirement.

Name of CDFI: \_\_\_\_\_

## COMPUTATION OF LONG-TERM HOME MORTGAGES

Date - Latest Quarter-End

For the information entered below, please only include home-mortgage loans that are long-term in nature. As stated in §1263.1, long-term is defined as a term to maturity of five years or greater at the time of origination.

### Long-term Home Mortgage Requirement

Carry over Line 10 from Computation of Residential Mortgage Loan &  
Long-term Home Mortgage Loan Requirement Worksheet

1. \$ \_\_\_\_\_

### 1-4 Family Residential Mortgage Loans

Subtract vacant lot loans and all construction loans. Include Only First Liens

2. \$ \_\_\_\_\_

### Multi-Family Residential Mortgage Loans

Subtract vacant lot loans and all construction loans. Include Only First Liens

3. \$ \_\_\_\_\_

### Residential Mortgage Pass-Through Securities

Include only securities in which underlying loans are long-term home mortgages

4. \$ \_\_\_\_\_

### Residential Mortgage-Derivative Securities

Include only securities in which underlying loans are long-term home mortgages

5. \$ \_\_\_\_\_

### Total Long-term Home Mortgage Loans

Sum of Lines 2 to 5

6. \$ \_\_\_\_\_

### Percent of Residential Mortgage Loans

Line 6 divided by Line 7 of previous page  
(Residential Mortgage Loans)

7. \$ \_\_\_\_\_

Footnote: An applicant's balance sheet must contain at least 10% of its assets in residential mortgage loans as defined in §1263.1 and §1263.10. Other types of loans not listed above that are residential in nature may also qualify for the 10% requirement and will be reviewed as requested.

Home mortgage loans include both loans and securities with underlying loans that meet the definition of home mortgage loan stated in §1263.1. Other loans/securities that are believed to be long-term home mortgages may also qualify and will be reviewed as requested.

Name of CDFI: \_\_\_\_\_

## SUPPLEMENTAL MORTGAGE RELATED ASSETS, INVESTMENTS AND ACTIVITIES

CDFI or insurance company applicants that hold residential mortgage loans identified in its most recent financial reports but do not meet the lesser of (i) \$50 million or (ii) 5% of total asset requirements outlined on page 12 of this application should complete the sections outlined below. Please detail (describe and quantify) assets, investments and/or other business activities that represent a material commitment to housing finance not already identified as residential mortgage loans. Please include documentation/evidence that supports the descriptions and amounts listed. Assets, investments, and other business activities can include, but are not limited to, the following:

- Home-Owner Insurance Policies Written/Assumed
- Title Insurance Policies Written/Assumed
- Renters' Insurance Policies Written/Assumed
- Housing-related municipal bonds
- Housing-related grants
- State Housing Development / Mortgage Revenue Bonds
- Corporate bonds from housing-focused entities
- Charitable contributions to housing-related non-profit entities
- Services or assistance provided that support home-ownership or housing-finance

ASSET, INVESTMENT OR BUSINESS ACTIVITY	AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
ADDITIONAL COMMENTS	