



CDFI Rate Buydown Advance Webinar

PRESENTED BY:

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Webinar Information



- For the best video & audio experience, we recommend disconnecting from VPN
- Please submit questions throughout the presentation by using the Q&A box in Zoom.
- Questions will be answered at the end of the session.
- Today's webinar will be recorded and both slides and recording will be posted to our website at: <https://www.fhlbi.com/services/advances/>



Today's Agenda

- Overview of program
- Why CDFIs and who is eligible
- Application process
- Subsidized rate
- Opportunities to partner with a CDFI
- Q&A

CDFI Rate Buydown Advance



Created to help non-depository CDFIs support housing and economic development in the most underserved areas of Indiana and Michigan

Designed to build partnerships between Indiana and Michigan non-depository CDFIs and our member financial institutions to further assist non-depository CDFIs with additional access to low-cost capital

General Overview



Advance rate can be as low as 0%

\$5 million in advance interest subsidies available

Non-depository CDFI member institutions can borrow directly under program (regular collateral requirements apply)

The interest rate on the FHLBank member loan to the non-depository CDFI is limited to 300 basis points over the subsidized advance rate

CDFI RATE BUYDOWN PROGRAM LAUNCHES OCTOBER 9TH

FHLBank Introduction

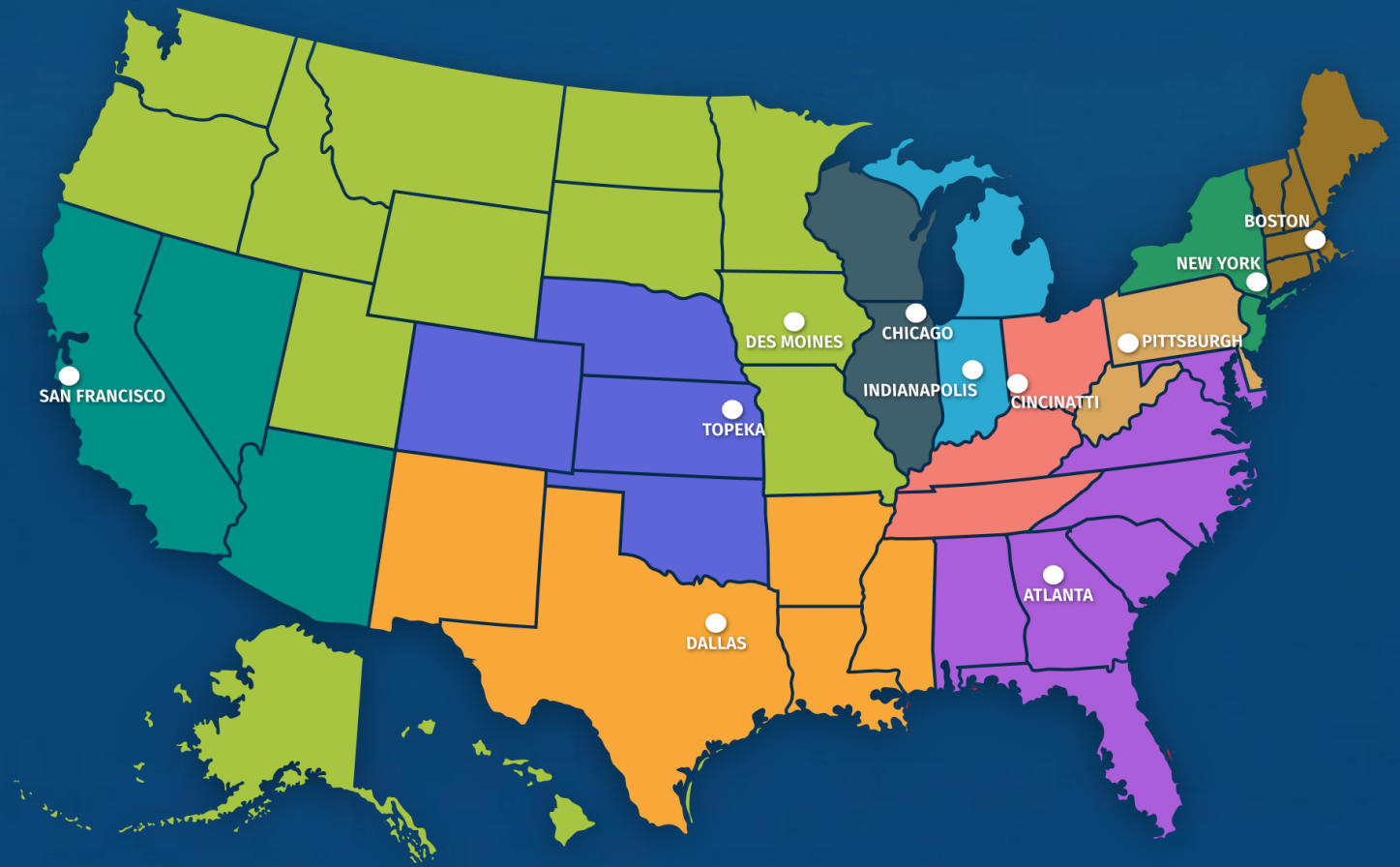


Part of a National System

- Created by Congress in response to Great Depression
- \$800 billion system to provide lendable funds to other financial institutions¹
- Not a direct lender

FHLBank Indianapolis

- 1 of 11 regional banks
- District includes Indiana and Michigan





FHLBank Indianapolis Members

Banks, credit unions, insurance companies, and CDFIs are all eligible.

Must have a charter or principal place of business in our district of Michigan or Indiana.

A list of who our members are can be found on our website at:

<https://www.fhlbi.com/who-we-serve/member-directory/>

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Financial Institution
Members in District

As of 2Q, 2024

FHLBank Non-Depository
CDFI Members

- CORE Community Partners (MI)
- Indianapolis Neighborhood Housing Partnership (IN)
- Lake Superior Community Development Corp. (MI)
- Metro Community Development, Inc. (MI)

Community Development Financial Institutions

Lenders with a mission to provide fair, responsible financing to rural, urban, Native, and other communities that mainstream finance doesn't traditionally reach.



66% Clients
of Color



85% Low-
Income Clients



27% Rural
Clients



48% Women
Clients

Community Development Financial Institutions



Loan Funds

Non-profit organizations providing financing and technical assistance to small businesses, microenterprises, affordable housing developers, and community service organizations

Non-depository



Credit Unions

Member-owned non-profit cooperatives promoting savings, affordable loans, and other financial services



Banks

For-profit corporations providing capital to rebuild economically distressed communities with targeted lending and investments

Indiana and Michigan Non-Depository CDFIs

Indiana

Build Fund, LLC	Indianapolis
CANI's Center for Community and Economic Development, Inc. dba Brightpoint Development Fund	Fort Wayne
Community Investment Fund of Indiana	Indianapolis
Edge Fund, LLC	Indianapolis
Flagship Enterprise Capital, Inc.	Anderson
Indianapolis Neighborhood Housing Partnership	Indianapolis
Lafayette Neighborhood Housing Services	Lafayette
Neighborhood Self-employment Initiative (DBA Business Ownership Initiative)	Indianapolis

Michigan

Chi Ishobak, Inc.	Dowagiac
CORE Community Partners	Bingham Farms
Detroit Development Fund	Detroit
Grand Rapids Opportunities for Women	Grand Rapids
Great Lakes Womens Business Council (DBA CEED Lending)	Livonia
Invest Detroit Foundation	Detroit
Lake Superior Community Development Corp.	L'Anse
Magnet Lending Corporation	Lansing
Metro Community Development, Inc.	Flint
Michigan Community Capital	Lansing
Michigan Women's Foundation, The	Detroit
Northern Great Lakes Initiatives	Marquette
Northern Shores Community Development, Inc.	Petoskey
Opportunity Resource Fund	Lansing
Prosperus Detroit Micro Lending	Detroit
Rende Progress Capital	East Lansing
Venture North Funding & Development	Traverse City

Reason for CDFI Rate Buydown Advance

- CDFIs serve the exact communities FHLBank aims to support through its community investment initiatives
- CDFIs across the country are experiencing a low-cost capital crunch
- CDFI partnerships are valuable to our member banks (CRA), credit unions (low-income designations), and insurance companies (ESG)
- CDFIs have experienced difficulties in accessing System membership and taking advances

CDFI Rate Buydown Advance Requirements



Must complete an application

\$500K subsidy cap per member

Used to buydown Fixed-Rate Bullet Advance rate

1 Year to 10 Year Term

Advance term cannot be longer than term for loan to CDFI

Maximum loan spread of 300 bps

Process for Applying

Application available on [MemberLink Portal](#)

Application & Certification

CDFI RATE BUYDOWN ADVANCE



Member Institution Name:

Contact Person:

Contact Number:

The Federal Home Loan Bank of Indianapolis ("FHLBank Indianapolis") has instituted a Voluntary Advance Rate Buydown Program ("VARBP") to assist members in supporting non-depository Community Development Financial Institutions ("CDFIs"). The program is called the CDFI Rate Buydown Advance ("CRBA") and provides favorable funding opportunities for members making loans to non-depository CDFIs headquartered in Indiana and Michigan entities ("Eligible Entities")¹ and meet the eligibility requirements². This completed document, and the accompanying worksheet ("CRBA-Worksheet"), is required to participate in the FHLBank Indianapolis CRBA. Applications must be received before 1:00 p.m. ET for same-day funding.

Fixed Rate Bullet Advance Terms:

Requested Origination Date of Advance:

Requested Advance Amount:

Advance Rate Requested:

Term of Advance: 1 Year

All advance requests are subject to a member's borrowing capacity at the time of funding.

Application

Advance Terms:

Requested Origination Date of Advance:

Requested Advance Amount:

Advance Type: **Fixed Rate Bullet**

Term of Advance:

All advance requests are subject to a member's borrowing capacity at the time of funding.

Member Certification:

- a. In this application, the Member is submitting only lending to non-depository CDFI Eligible Entities as indicated on the CRBA-Worksheet.
- b. The information on the CRBA-Worksheet is true, accurate and correct, and includes only loans to non-depository CDFI Eligible Entities which the Member has closed or intends to close within 30 days from the date of this application. For loans that have not closed as of the date of the application, Member must submit verification of loan closure to FHLBank Indianapolis within 30 days from the date of this application.
- c. As of the date listed on this application, the Member is certifying that the non-depository CDFI Eligible Entities listed on the CRBA-Worksheet accompanying this Application meet the CRBA eligibility requirements.
- d. Member loans to non-depository CDFI Eligible Entities cannot exceed 300 basis points above the corresponding advance interest rate.
- e. If FHLBank Indianapolis determines that the Member has improperly certified or did not make the loan/loans to non-depository CDFIs as designated in the CRBA-Worksheet, the advance/advances will be immediately due and payable and member will be responsible for associated prepayment penalties as outlined in the FHLBank Indianapolis Credit Policy and the Voluntary Advance Rate Buydown Program CDFI Rate Buydown Advance term sheet.
- f. The Member agrees to follow and be bound by FHLBank Indianapolis Advances, Pledge, and Security Agreement requirements and the following CRBA requirements including without limitation to the following:
 - CRBA funding is available on a first-come, first-served basis until the funding pool is exhausted.
- g. The Member acknowledges that demand for CRBA may exceed product funding available. As such, the Member further acknowledges that completion of this Application shall not be construed as a binding obligation on behalf of FHLBank Indianapolis to provide CRBA to the Member.

Authorized Signature of FHLBI Member

Typed Name

Date

Authorized Signature of FHLBI Member


Typed Name

Date

Submit completed Application & Certification to: creditdesk@fhlbi.com

Application

Worksheet



This worksheet must be accompanied by a signed CDFI Rate Buydown Advance Application. Complete this worksheet for loans to eligible non-depository Community Development Financial Institutions only.

Member Loan Amount	Loan Origination Date	Loan Maturity Date	Loan Interest Rate	Non-Depository CDFI Name	Street Address	City/Municipality	State	ZIP	Purpose of Loan
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
\$ -									
TOTAL LOAN AMOUNT					\$ -				

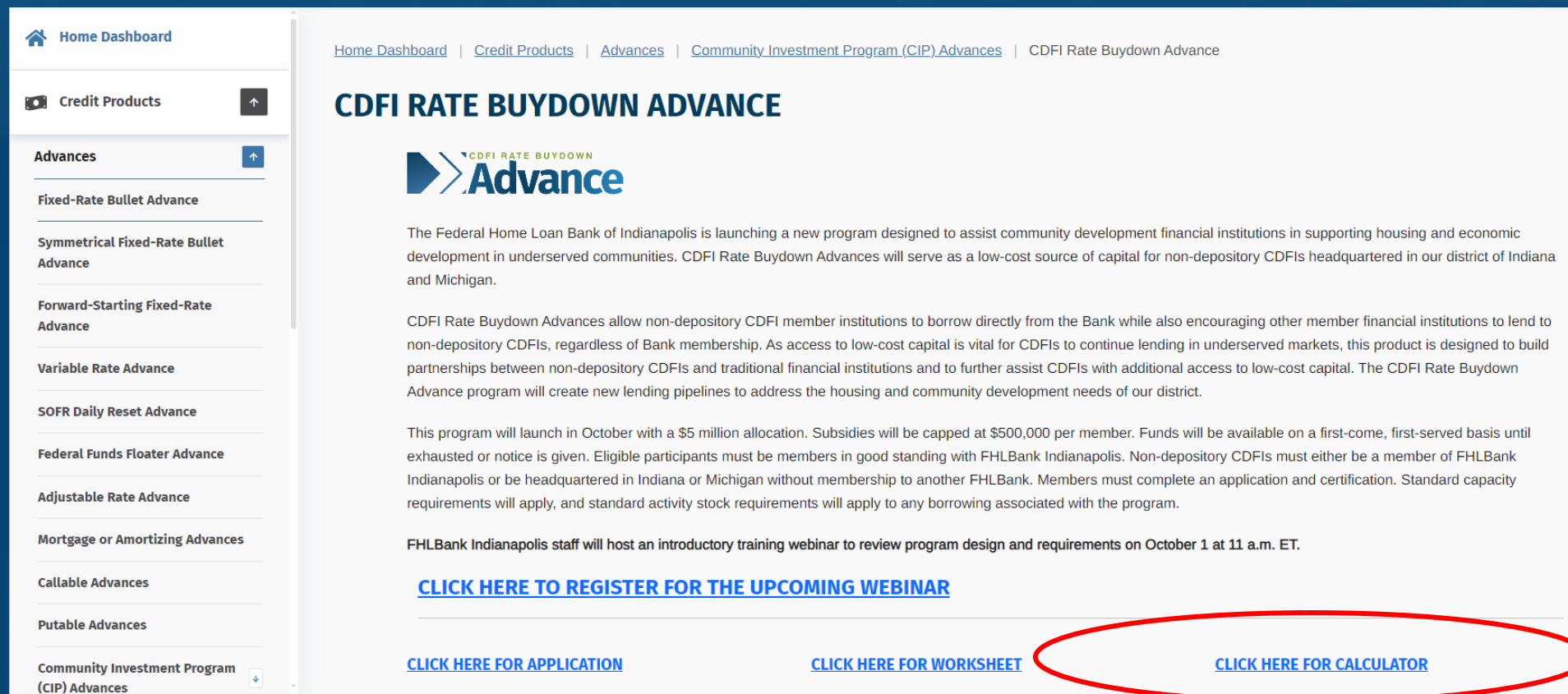
MEMBER CERTIFICATION:

The Federal Home Loan Bank of Indianapolis ("FHLBank Indianapolis") has instituted a Voluntary Advance Rate Buydown Program ("VARBP") to assist members in supporting non-depository Community Development Financial Institutions ("CDFIs"). The program is called the CDFI Rate Buydown Advance ("CRBA"). I hereby certify that the information/documentation submitted is accurate and that the member loan meets the guidelines of the CRBA. Upon request, I will provide information on the disbursement of the advance, including date loans funded, interest rate, and loan term.

Please note, loans to CDFI will be underwritten by Members and not FHLBank Indianapolis.

Calculating subsidy needed

Each member has the opportunity to use up to \$500,000 in CDFI Rate Buydown subsidies. Calculator can be used to determine amount of subsidy needed to obtain desired advance rate.



Home Dashboard | Credit Products | Advances | Community Investment Program (CIP) Advances | CDFI Rate Buydown Advance

CDFI RATE BUYDOWN ADVANCE

CDFI RATE BUYDOWN Advance

The Federal Home Loan Bank of Indianapolis is launching a new program designed to assist community development financial institutions in supporting housing and economic development in underserved communities. CDFI Rate Buydown Advances will serve as a low-cost source of capital for non-depository CDFIs headquartered in our district of Indiana and Michigan.

CDFI Rate Buydown Advances allow non-depository CDFI member institutions to borrow directly from the Bank while also encouraging other member financial institutions to lend to non-depository CDFIs, regardless of Bank membership. As access to low-cost capital is vital for CDFIs to continue lending in underserved markets, this product is designed to build partnerships between non-depository CDFIs and traditional financial institutions and to further assist CDFIs with additional access to low-cost capital. The CDFI Rate Buydown Advance program will create new lending pipelines to address the housing and community development needs of our district.

This program will launch in October with a \$5 million allocation. Subsidies will be capped at \$500,000 per member. Funds will be available on a first-come, first-served basis until exhausted or notice is given. Eligible participants must be members in good standing with FHLBank Indianapolis. Non-depository CDFIs must either be a member of FHLBank Indianapolis or be headquartered in Indiana or Michigan without membership to another FHLBank. Members must complete an application and certification. Standard capacity requirements will apply, and standard activity stock requirements will apply to any borrowing associated with the program.

FHLBank Indianapolis staff will host an introductory training webinar to review program design and requirements on October 1 at 11 a.m. ET.

[CLICK HERE TO REGISTER FOR THE UPCOMING WEBINAR](#)

[CLICK HERE FOR APPLICATION](#) [CLICK HERE FOR WORKSHEET](#) [CLICK HERE FOR CALCULATOR](#)

Calculating subsidy needed

Example: Member desires a 0% advance rate for \$4.5M that they plan to lend to a non-depository CDFI. If it was structured as a 3-year term, and given posted advance rate, they would have sufficient subsidy to initiate a 0% rate.

Starting Member Subsidy Allocation	\$500,000	Contact Advances Desk if you have already used part of the subsidy
Amount of Advance	\$4,500,000	Max of \$4,572,639 is supported by starting member subsidy allocation
Advance Term	3 Year	Select term from dropdown menu
Posted Advance Rate	3.81%	
Member Desired Advance Rate	0.00%	
Subsidy Amount Needed	\$492,057	
Remaining Subsidy After Advance	\$7,943	

Program has a markup limitation of 300 bps, which means the rate of the loan from the member to the CDFI cannot exceed 3%.

Calculating subsidy needed

Example: Member desires a 0% advance rate for \$2M that they plan to lend to a non-depository CDFI. If it was structured as a 5-year term, and given posted advance rate, they would have sufficient subsidy to initiate a 0% rate with \$149,615 remaining subsidy.

Starting Member Subsidy Allocation	\$500,000	Contact Advances Desk if you have already used part of the subsidy
Amount of Advance	\$2,000,000	Max of \$2,854,004 is supported by starting member subsidy allocation
Advance Term	5 Year	Select term from dropdown menu
Posted Advance Rate	3.80%	
Member Desired Advance Rate	0.00%	
Subsidy Amount Needed	\$350,385	
Remaining Subsidy After Advance	\$149,615	

Program has a markup limitation of 300 bps, which means the rate of the loan from the member to the CDFI cannot exceed 3%

Calculating subsidy needed

Example: Member desires a 0% advance rate for \$2M that they plan to lend to a non-depository CDFI. If it was structured as a 10-year term, and given posted advance rate, they would have sufficient subsidy to initiate a 1.5% rate.

Starting Member Subsidy Allocation	\$500,000	Contact Advances Desk if you have already used part of the subsidy
Amount of Advance	\$2,000,000	Max of \$2,156,704 is supported by starting member subsidy allocation
Advance Term	10 Year	Select term from dropdown menu
Posted Advance Rate	4.32%	
Member Desired Advance Rate	1.50%	
Subsidy Amount Needed	\$463,671	
Remaining Subsidy After Advance	\$36,329	

Program has a markup limitation of 300 bps, which means the rate of the loan from the member to the CDFI cannot exceed 4.5%

Partnership Resources

FHLBank Members

- Eligible Michigan and Indiana non-depository CDFIs list
- Indiana and Michigan Community Investment Outreach Partners
- FHLBank Account Managers

Eligible CDFIs

- FHLBank Member Directory
- Indiana and Michigan Community Investment Outreach Partners



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Anna Shires
MICHIGAN

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Partnership Support

CDFI Advance Interest and Partnership Survey

For Members and CDFIs interested in:

- Introductions to eligible CDFI or a FHLBank Member to use program;
- Attending an in person convening to meet with other CDFIs and FHLBank members;
- Learning more about underwriting CDFIs; OR
- Any additional resource needed to support you in using this program



CDFI RATE BUYDOWN
Advance

Q & A

Thank you



Please contact us with any follow-up questions

Members:

- Contact your Account Manager
- Contact the Advances Desk
 - 800.442.2568/creditdesk@fhlbi.com

Non-depository CDFIs:

- [Anna Shires](#), MI Community Outreach Partner
- [Megan Coler-Hasser](#), IN Community Outreach Partner

Additional Resources:

- Link to www.fhlbi.com/services/advances/cdfiadvance
- [MemberLink Portal](#) (Credit Products/Advances)