

Federal Home Loan Bank of Topeka

Affordable Housing Advisory Council

2006 Annual Report

Federal Housing Finance Board
1777 F Street, N.W.
Washington, D.C. 20006

Dear Finance Board Members:

The Affordable Housing Advisory Council (“AHAC”) of the Federal Home Loan Bank of Topeka (“Bank”) is pleased to present this annual report detailing the Bank’s affordable housing and community investment activities during 2006.

The AHAC represents a cross-section of community housing advocates who network with non-profit organizations, social service providers and state and local agencies to meet affordable housing needs in the Tenth District, which includes Colorado, Kansas, Nebraska and Oklahoma. The AHAC appreciates the opportunity to share its experience and insight with the Bank and its board of directors and in helping to address the critical affordable housing needs found throughout the district.

Highlights of the Bank’s efforts in 2006 include the following:

- The Bank committed \$13.6 million in Affordable Housing Program (“AHP”) subsidies not including homeownership set-aside program funds, leveraging more than \$222 million in private and public sector funds to support financing for housing units for low- and moderate-income families and individuals.
- Approved financing for low- and moderate-income housing units and community development projects using more than \$410 million in approved Community Investment Cash Advance (“CICA”) funds in 2006.
- \$2.8 million in Rural First-time Homebuyer Program (“RFHP”) set-aside program funds were provided to assist 720 first-time homebuyers in rural areas.
- The Joint Opportunities for Building Success (“JOBS”) economic development grant program was established in 2004. In 2006, the Bank approved \$996,000 in JOBS funding for 40 economic development activities primarily in rural areas throughout the district.
- The Community Homeownership Program *Plus* (“CHP *Plus*”) program created in 2002 continued in 2006. CHP *Plus* advances are discounted more than regular Community Homeownership Program (“CHP”) advances but are restricted to lower income rental projects than CHP.
- Bank rural initiatives promoted homeownership through continuation of the set-aside of AHP funds for the RFHP, set-aside of funds for disabled first-time homebuyers known as the Targeted Ownership Program (“TOP”) and support of homeownership education and counseling in rural areas.

These highlights reflect not only the congressionally mandated activities of the Bank related to the AHP and CICA programs but also show several initiatives of the Bank in response to unmet credit and finance needs. The Bank continues to develop and administer additional mission-related efforts to fulfill its public purpose responsibilities and respond to unmet needs within the Bank's district. The Bank first approved a program to set-aside AHP funds for the Rural First-time Homebuyer Program ("RFHP") in 1997 and continues this program today. In conjunction with that program, the Bank also initiated a task force to address the need for delivery of homeownership counseling to homebuyers in rural areas. In 1998, this effort led to the establishment of a pilot program funded by the Bank to provide homeownership counseling and training in rural areas of the Kansas. Shortly thereafter, this program was then expanded to all four states in the district and has continued through 2006. In 2002, the Bank created the CHP *Plus* and the TOP. In 2003, the Housing and Community Development Emergency Loan Program ("HELP") was created to provide funds needed in response to federally declared disasters. These discretionary Bank initiatives continue to provide meaningful resources to our members to assist them in their efforts to respond to community needs.

This report would not be complete without recognizing our member financial institutions that have participated in one or more of the Bank's housing and community development programs. By investing time, energy and financial support, these institutions demonstrate long-term commitment to their communities by meeting housing and economic development needs.

The AHAC also would like to acknowledge and thank the Bank's board of directors, particularly the members of the housing and community development committee of the board, senior management and Bank staff for their commitment, assistance and attention in carrying out these programs. The AHAC enjoys an excellent relationship with the board, senior management and Bank staff. As a result, we feel confident that we've helped ensure continued benefits to communities in the Tenth District that are willing to address their affordable housing and economic development needs.

Respectfully submitted,

2006 Members of the Bank's Affordable Housing Advisory Council

Jo Ellen Davidson, Chair
Michael Avery
Becky Christoffersen
David Herlinger
Roger Nadrchal
Dena Sherrill

Richard Brierre, Vice Chair
June Bailey
Vicky Dayton
Michael Maroney
Joe Rowan
Duke Tsoodle

Federal Home Loan Bank of Topeka
Affordable Housing Advisory Council

2006 Annual Report

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I. Introduction/Overview

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”) required the 12 Federal Home Loan Banks (“FHLBanks”) to establish special programs to enhance their role in promoting community investment and affordable housing within their districts. The FHLBanks’ community investment and affordable housing programs provide financial institutions that are FHLBank members’ sources of financing for community oriented lending targeted to low- and moderate-income households in their communities.

The Affordable Housing Advisory Councils (“AHAC”) assist the FHLBanks in addressing low- and moderate-income housing needs within their respective districts. FIRREA included the following provisions related to the establishment and duties of the AHAC:

(11) AHAC - Each Bank shall appoint an AHAC of 7 to 15 persons drawn from community and non-profit organizations actively involved in providing or promoting low- and moderate-income housing in its district. The AHAC shall meet with representatives of the board of directors of the Bank quarterly to advise the Bank on low- and moderate-income housing programs and needs in the district and on the utilization of the advances for these purposes. Each AHAC established under this paragraph shall submit to the Board at least annually its analysis of the low-income housing activity of the Bank by which it is appointed.

This Annual Report (“report”) constitutes the FHLBank Topeka’s (“Bank”) AHAC’s analysis of the housing and community investment programs of the Bank. This report includes a review of the Affordable Housing Program (“AHP”), Community Investment Cash Advance Programs (“CICA”), Community Support Requirements (“CSR”) and other housing and community development activities of the Bank.

The result of the Bank’s AHP and CICA show that the special housing programs of the Bank have made a significant contribution to the housing needs within the Tenth District. Over time, the AHP has provided over \$123 million in subsidy to 691 projects with total development costs of more than \$2.1 billion, primarily within the Bank’s four-state district. These projects have resulted in more than 34,000 new or rehabilitated units being made available to low-income households. More than \$3.2 billion in CICA advances have been approved for housing and community development projects since the program began in late 1989.

The Bank’s AHP and CICA have demonstrated that financing for affordable housing can be successfully implemented through a combination of flexible sources of funding and partnerships among local financial institutions, community based housing organizations and private builders, developers and housing suppliers. The continued success of the housing and development programs of the Bank depends upon maintaining the program’s emphasis on local control and flexibility in responding to local housing needs.

II. Bank Initiatives

Rural Initiatives

In 1997, Bank management, in consultation with the AHAC and the board of directors' Housing and Community Development Committee ("HCDC"), developed a program that was approved by the Federal Housing Finance Board ("FHFB") to set aside AHP funds for a program to provide down payment assistance to first-time homebuyers in rural areas (the RFHP). The program began with a total set-aside of \$250,000 in AHP funds. In later years and continuing through 2006, the amount of AHP funds set aside for the RFHP in 2006 was set at 20 percent of the annual AHP allocation; this has allowed millions of dollars to be directed in assisting rural first-time homebuyers realize the American dream of homeownership.

The need for improved access to homeownership education and counseling in rural areas became evident to the Bank while administering the mandatory homebuyer education requirement of the RFHP, which began in 1997. The AHAC, HCDC and Bank staff formed a task force in 1997 to develop recommendations for improving the availability and effectiveness of homeownership counseling in rural areas. As a result, the Bank has allocated \$100,000 annually each year to support homeownership counseling providers in each district state.

III. Affordable Housing Program

A. Applications Received

Table I: Affordable Housing Program - 2006 Applications Submitted

	First Round	Second Round	Total
Subsidy Req.	\$8,919,406	\$16,157,541	\$25,076,947
Applications:			
Colorado	11	10	21
Kansas	20	14	34
Nebraska	3	14	17
Oklahoma	6	15	21
Out-of-District	4	6	10
Total	44	59	103
Units Requested:			
Owner-occupied	648	718	1,366
Renter-occupied	1,246	2,228	3,474
Total	1,894	2,946	4,840

The table on the following page compares the characteristics of applications submitted for AHP funding in 2006 with applications received in 1990 through 2006.

Table II - Affordable Housing Program 1990 - 2006 Applications Received

	1990 Total	1991 Total	1992 Total	1993 Total	1994 Total	1995 Total	1996 Total	1997 Total	1998 Total	1999 Total	2000 Total	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	1990 - 2006 Total
Subsidy Requested (millions)	\$14.7	\$8.7	\$7.9	\$5.2	\$10.1	\$9.7	\$9.2	\$7.4	\$12.4	\$15.9	\$23.6	\$13.5	\$19.6	\$14.0	\$14.8	\$22.0	\$25.1	\$233.8
Applications Submitted:																		
Colorado	11	23	21	14	31	28	36	23	31	23	46	27	29	20	18	40	21	442
Kansas	8	7	15	7	18	17	15	22	32	24	42	27	29	29	31	32	34	389
Nebraska	14	12	7	7	15	11	14	16	17	21	18	15	30	23	9	10	17	256
Oklahoma	2	5	9	8	6	19	5	5	12	22	32	12	15	17	17	20	21	227
Out of District													2	2	1	2	10	5
Total	35	47	52	36	70	75	70	66	92	90	138	81	105	91	76	104	103	1,124
Housing Units Requested:																		
Owner Occupied	1,481	1,112	1,828	1,146	1,483	722	1,828	1,470	1,617	1,893	2,143	1,097	1,450	1,117	1,369	1,458	1,366	24,580
Renter Occupied	535	2,180	940	961	2,323	2,178	1,438	1,342	2,796	2,548	4,011	2,309	3,759	3,275	2,466	3,688	3,474	40,223
Total Units	2,016	3,292	2,768	2,107	3,806	2,900	3,266	2,812	4,413	4,441	6,154	3,406	5,209	4,392	3,835	5,146	4,840	64,803
Subsidy Per Unit	\$7,295	\$2,636	\$2,861	\$2,526	\$2,644	\$3,329	\$2,809	\$2,627	\$2,812	\$3,576	\$3,834	\$3,958	\$3,768	\$3,198	\$3,867	\$4,267	\$5,181	\$3,608
Project Costs:																		
Non-AHP (millions)	\$63.0	\$75.3	\$78.6	\$74.1	\$164.9	\$170.5	\$190.9	\$140.5	\$278.0	\$252.6	\$389.4	\$260.6	\$456.9	\$356.4	\$289.0	\$440.8	\$411.0	\$4,092.5
Total Cost (millions)	\$75.7	\$83.9	\$86.5	\$79.3	\$174.9	\$180.0	\$200.1	\$147.8	\$290.4	\$268.6	\$391.1	\$274.1	\$476.6	\$370.5	\$303.8	\$451.2	\$436.1	\$4,290.6
Total Costs Per Unit	\$37,548	\$25,511	\$31,245	\$38,577	\$45,964	\$62,084	\$61,268	\$52,580	\$65,806	\$60,455	\$63,552	\$80,502	\$91,495	\$84,358	\$79,218	\$89,933	\$90,103	\$66,210
Leverage	\$4.28	\$8.68	\$9.92	\$14.27	\$16.38	\$17.65	\$20.81	\$19.02	\$23.40	\$15.91	\$16.50	\$20.34	\$23.28	\$26.39	\$19.53	\$20.06	\$16.38	\$17.50

B. Approved Applications

Table III: Affordable Housing Program 2006 Approved Projects

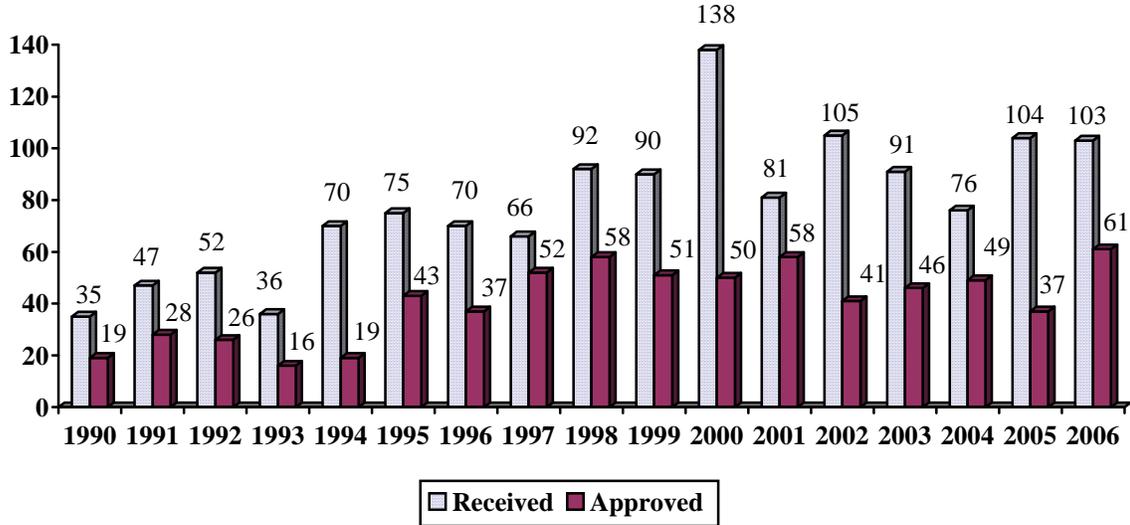
	First Round	Second Round	Total
Subsidies Appr.	\$6,772,406	\$6,846,946	\$13,619,352
Applications:			
Colorado	10	4	14
Kansas	15	8	23
Nebraska	2	6	8
Oklahoma	6	6	12
Out-of-district	0	4	4
Total	33	28	61
Housing Units Approved:			
Owner Occupied	628	424	1,052
Renter Occupied	815	637	1,452
Total	1,443	1,061	2,504
Low-income & Rural Information:			
Very Low-Income			
Units &	996	718	1,714
Percentage	69.0%	67.7%	68.5%
Rural Units &	753	642	1,395
Percentage	52.2%	60.5%	55.7%
Subsidy Per Unit	\$4,693	\$6,453	\$5,439
Project Cost:			
Total (millions)	\$140.7	\$95.3	\$236.0
Per Unit Cost	\$97,494	\$89,793	\$94,249
Leverage	\$19.77	\$12.91	\$16.23

The table on the following page compares the characteristics of the applications approved in 2006 with applications approved in the previous years of the program. Descriptions of the projects approved for funding during 2006 are included in Appendix A.

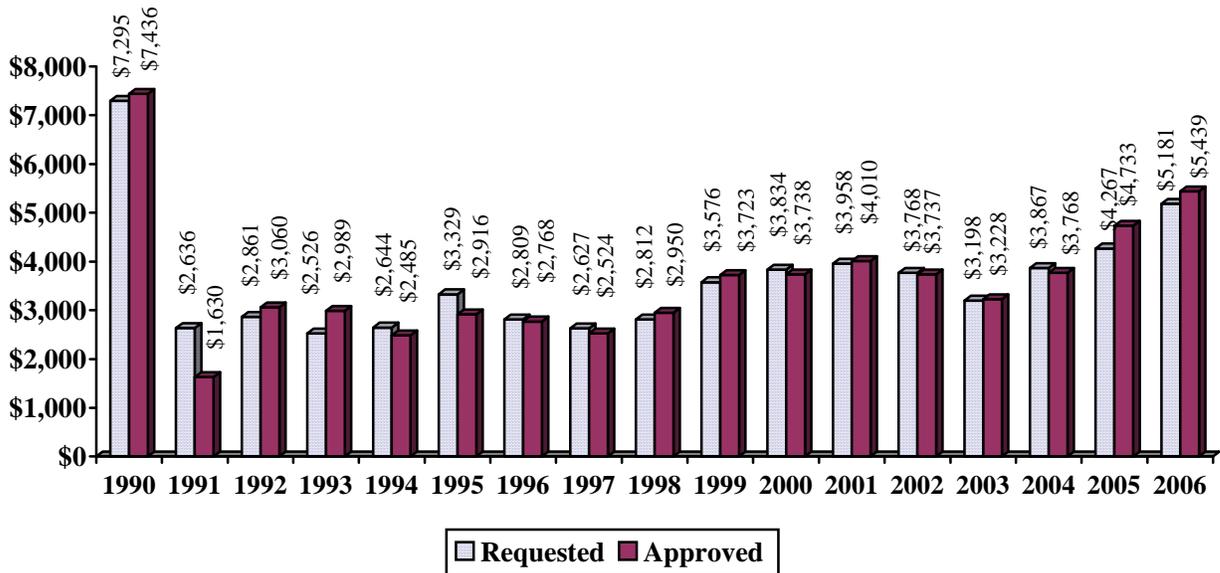
Table IV - Affordable Housing Program 1990 - 2006 Approved Projects																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1990 - 2006
	Total	Total	Total	Total	Total	Total												
AHP Subsidy Approved	\$4.91	\$3.93	\$2.90	\$2.09	\$2.78	\$4.43	\$4.20	\$5.20	\$6.52	\$8.38	\$9.10	\$9.87	\$8.52	\$7.01	\$9.47	\$8.50	\$13.62	\$111.43
RFHP								\$0.10	\$0.18	\$0.17	\$0.89	\$1.39	\$1.75	\$1.36	\$2.05	\$1.78	\$2.76	\$12.43
	\$4.91	\$3.93	\$2.90	\$2.09	\$2.78	\$4.43	\$4.20	\$5.30	\$6.70	\$8.55	\$9.99	\$11.25	\$10.27	\$8.37	\$11.52	\$10.28	\$16.38	\$123.86
Applications Recommended:																		
Colorado	7	17	11	4	10	19	22	21	24	12	21	24	18	11	9	12	14	256
Kansas	4	4	9	5	4	11	6	14	15	13	13	15	8	12	19	12	23	187
Nebraska	7	4	3	4	3	7	5	13	12	15	7	9	7	8	6	4	8	122
Oklahoma	1	3	3	3	2	6	4	4	7	11	9	10	8	14	14	8	12	119
Iowa														1	1	1	4	7
Total	19	28	26	16	19	43	37	52	58	51	50	58	41	46	49	37	61	691
Housing Units Approved:																		
Owner Occupied	385	400	633	415	572	461	651	959	766	784	640	873	412	677	1,188	859	1,052	11,727
RFHP Owner Units								59	71	58	199	300	458	357	571	474	720	3,267
Renter Occupied	275	2,008	315	285	547	1,057	868	1,101	1,444	1,467	1,794	1,588	1,867	1,494	1,326	937	1,452	19,825
Total Units	660	2,408	948	700	1,119	1,518	1,519	2,119	2,281	2,309	2,633	2,761	2,737	2,528	3,085	2,270	3,224	34,891
AHP Subsidy Per Unit Competitive Only	\$7,436	\$1,630	\$3,060	\$2,989	\$2,485	\$2,916	\$2,768	\$2,524	\$2,950	\$3,723	\$3,738	\$4,010	\$3,737	\$3,228	\$3,768	\$4,733	\$5,439	\$3,524
Project Costs:																		
Non-AHP (millions)	\$26.40	\$50.99	\$32.99	\$22.50	\$46.00	\$85.30	\$100.3	\$113.9	\$146.3	\$126.5	\$145.60	\$104.4	\$221.1	\$184.04	\$195.0	\$160.3	\$222.3	\$1,983.92
AHP Total Cost (millions)	\$30.92	\$54.91	\$35.89	\$24.59	\$48.78	\$89.70	\$104.5	\$119.1	\$152.9	\$134.9	\$154.70	\$109.1	\$229.9	\$191.05	\$204.5	\$168.8	\$236.0	\$2,090.24
AHP Total Costs Per Unit Competitive	\$46,844	\$22,804	\$37,864	\$35,131	\$43,593	\$59,092	\$63,527	\$57,811	\$69,185	\$59,915	\$63,558	\$83,681	\$100,867	\$88,001	\$81,344	\$93,957	\$94,249	\$66,097
Leverage (Non-AHP/AHP)	\$5.37	\$12.98	\$11.37	\$10.75	\$16.54	\$19.27	\$23.85	\$22.02	\$22.44	\$15.09	\$16.00	\$22.04	\$25.96	\$27.26	\$21.59	\$18.85	\$16.23	\$18.66

C. AHP 1990 - 2006

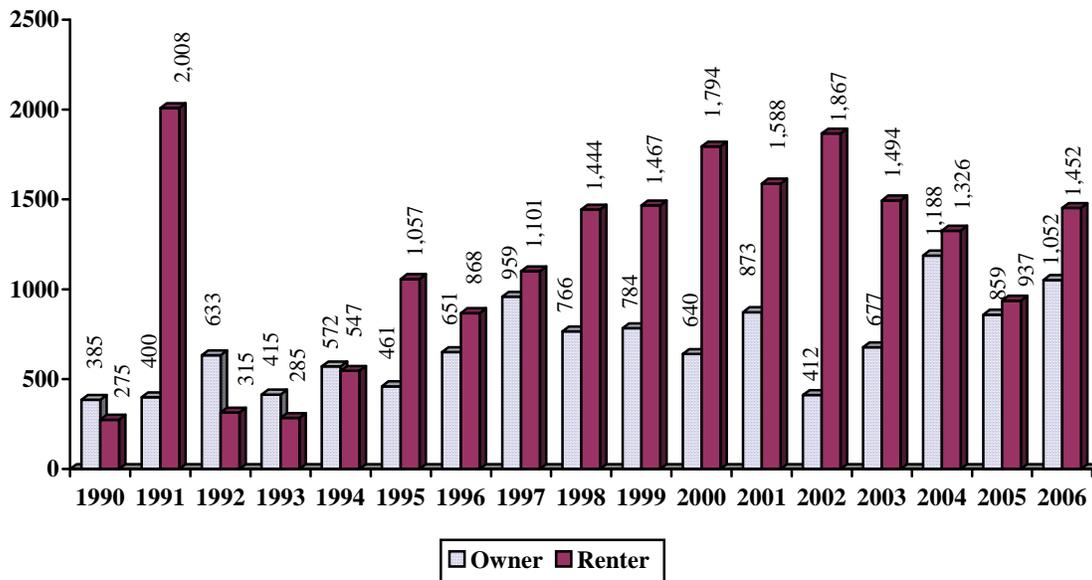
AHP Applications Received and Approved 1990 - 2006



**AHP Subsidy Per Unit Requested and Approved 1990 - 2006
Competitive Only**



AHP Owner and Renter Units Approved 1990 - 2006

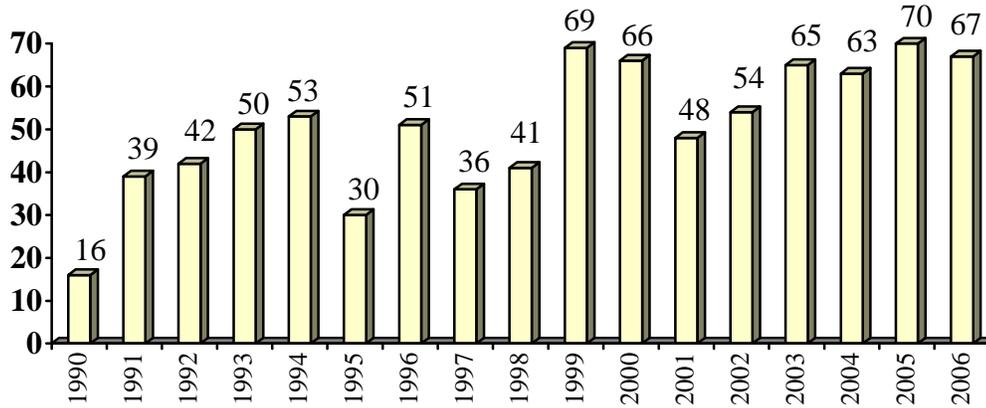


Rural Projects

Most of the Bank's member institutions operate in non-metropolitan areas. These members had neither an office nor a branch located within one of the 18 designated Metropolitan Statistical Areas (MSAs) in the district's four states.

	Rural Applications Approved	Total Approved Applications	Percent Rural
1990	3	19	16%
1991	11	28	39
1992	11	26	42
1993	8	16	50
1994	10	19	53
1995	13	43	30
1996	19	37	51
1997	19	52	36
1998	24	58	41
1999	35	51	69
2000	33	50	66
2001	28	58	48
2002	22	41	54
2003	30	46	65
2004	31	49	63
2005	26	37	70
2006	41	61	67
Total	364	691	53%

Percent Approved AHP Applications -- Rural



Given the significant number of rural members, it is important that the Bank’s AHP is structured and administered in such a way that rural communities have a fair chance to participate in the program. The AHAC has addressed this situation by structuring this district's AHP priority to give preference to projects located in rural communities. The results of the program seem to indicate a meaningful success rate for rural projects in recent years.

IV. AHAC Activities

The Bank first solicited AHAC nominations in December 1991 from member institutions and nonprofit housing organizations in Colorado, Kansas, Nebraska and Oklahoma. Appointments to the AHAC for the Tenth District were first approved by the Bank’s board of directors in 1992. Two members were appointed from each state to ensure equal representation from all areas of the district. In 1993, nominations were solicited for AHAC members sufficient to expand the AHAC to 12 persons, three from each state in the district. The following persons served as members in 2006 (members are now appointed to three-year terms on a staggered basis):

Colorado		
Jo Ellen Davidson CHDA, Inc. Lone Tree, Colorado	David Herlinger Farnham Group Resources Denver, Colorado	Joe Rowan Funding Partners Fort Collins, Colorado
Kansas		
June Bailey CHS of Wichita Wichita, Kansas	Michael Avery CHWC, Inc. Kansas City, Kansas	Vicky Dayton Housing Opportunities, Inc. Great Bend, Kansas

Nebraska		
Roger Nadrchal Elkhorn Valley CDC Norfolk, Nebraska	Becky Christoffersen Midwest Housing Equity Group Lincoln, Nebraska	Mike Maroney New Communities Development Corp. Omaha, Nebraska
Oklahoma		
Richard Brierre Indian Nation Council of Governments Tulsa, Oklahoma	Dena Sherrill Rural Enterprises Inc. Durant, Oklahoma	Duke Tsoodle Housing Authority of the Apache Tribe Anadarko, Oklahoma

The AHAC meets on a quarterly basis throughout the year. In 2006, the AHAC met in March, June, October and December. The AHAC also met with the board's HCDC quarterly in 2006. Members of senior management attend both of these meetings. Copies of the minutes for each meeting of the AHAC, including the joint meeting with the HCDC, are enclosed (Appendix A).

The roles and duties of the AHAC are determined by the language included in FIRREA. Those duties can be broken down into four areas:

- 1) Meet quarterly with representatives of the Bank's board of directors.
- 2) Advise the Bank on district low- and moderate-income housing programs and needs.
- 3) Advise the Bank on the utilization of Bank's programs.
- 4) Submit an annual analysis regarding the Bank's affordable housing efforts to the FHFB.

A description of the other issues discussed and actions of the AHAC can be found in the minutes of each of the four quarterly meetings included in Appendix A.

10th District Housing Needs

The housing needs included in this section of the report are taken from sources applicable to each state in the Bank's district.

Colorado

The Colorado Blue Ribbon Panel on Housing issued its Final Report in March 2006. The reports recommendations were grouped into five areas: partnerships, data collection, access to housing services, funding solutions and public policy.

Strategic Partnerships – Pursue greater collaboration between housing organizations and economic development corporations.

Data Collection and Delivery – Ensure that housing needs assessments are complete and up-to-date throughout Colorado. Promote a common format for housing needs assessments to facilitate

regional comparisons and to lessen the cost of updating assessments. Create a task force to facilitate the completion and planning of needs assessments. Maximize public access to needs assessment and other housing data.

Improving Access to Services – The Division of Housing should work with other large housing agencies to create common application and reporting. Coordinate “211” services. Establish a one stop shop for easy access to housing development information and for streamlining the housing development and grant application process.

Financing Housing Needs – The Colorado General Assembly should restore housing development grant funds to 2002 levels of \$4.6 million. Provide new permanent and reliable funding sources for the acquisition, production, and preservation of affordable housing. Ensure that housing funds are used to effectively to leverage funds from a wide array of local governments, nonprofits, and for-profit organizations. Pursue funding through a HUD Economic Development Initiative (EDI) grant.

Policy Development – Broaden policies that facilitate the preservation of existing affordable units. Monitor and evaluate how federal, state, and local regulations and incentives affect the cost of production of housing. Pursue foreclosure mitigation efforts.

The reports cited the following challenges identified as a result of roundtable meetings held throughout the state of Colorado.

The growth of low-wage service sector jobs is substantial in our communities and drives the need for more affordable housing near employment centers.

In many areas, the scarcity of land and the growth of second-home development drive up the cost of housing to levels unattainable to the local workforce.

Lack of workforce housing is often a strain on the infrastructure.

There is a need for a reliable central clearinghouse for housing financial and funding data.

Small communities lack knowledge and resources to apply for grants and assemble projects.

The cost of producing housing continues to go up through increased fees and development costs.

*The cost of single-family homes continues grow at a faster rate than wages.
The impending retirement of baby boomers will be a lasting housing challenge.*

Populations at 50% area median income (AMI) and below are the most underserved by existing housing resources.

Growth in middle- to high-wage jobs drives increases in lower wage jobs such as food service and retail. Retail follows roof tops.

Kansas

The 2004-2008 Kansas Consolidated Plan includes the following observations concerning housing need in the state.

There has been strong growth historically in the more urbanized areas with some softening since 2002. Most of the growth has been in single family detached housing. The result is a relative high homeownership rate but weakness in the area of affordable rental housing. The small number of multi-family units in rural areas exacerbates the need for rentals. Because larger number of units need more maintenance, and because demand in rural areas will not support high rents, it may be difficult to rent and adequately maintain single family detached rental units in rural areas.

A need for rental housing in rural areas was expressed during the public input phase of the plan's development. Low rents and aging housing stock create difficulties for operating rental housing in those areas but the shortage can negatively impact affordability.

Overall vacancy rates have been increasing indicating a softening of the housing market.

Housing in Kansas especially in rural areas is affordable compared other states in the region except for Oklahoma.

According to a survey of housing authorities waiting lists are longest for two-bedroom rental units.

The preservation of existing affordable housing for lower income renters is a concern as there are a relatively large number of units reaching the end of the mandated affordability periods. There are mitigating factors lessening the level of concern related to loss of these units. Many of the units have passed initial expiration dates and have entered into new one to five year contract continuing the affordability restrictions. Opting out of the programs even for those projects that have extended the affordability periods is not likely in most areas. Market conditions in most rural areas make opting out economically unattractive as rents in these areas have increased much in recent years. During recent state of Kansas program administration only 3 percent of the units opted out of the affordability restrictions.

Certain types of households are at greater risk of not being able to find affordable housing. Minority or mixed race households, households with children especially those headed by female headed households and large households of five or more persons.

Nebraska

The Nebraska 2005-2009 Consolidated Plan includes the following list of housing needs identified by the six development districts across the state.

Housing needs:

Renter and owner rehab

Special populations

Elderly housing (elderly rentals/independent living)

Developmentally disabled housing

Mental health housing

Removal of blighted housing

Homeownership-down payment assistance

New construction of affordable owner occupied units

Homeownership lead based paint abatement assistance

Rental units for large families

Additional affordable rental units

Barriers to the provision of local affordable housing

Lack of capacity and understanding of housing programs

Lack of grant writers for small communities

Too hard to qualify (LMI versus blight)

Insufficient DED staff

Strategies to overcome barriers and address needs:

Forge stronger partnerships with local communities and development districts, including coordination of the department of economic development, NIFA and USDA Rural Development.

Facilitate development of regional housing plans

Preservation of appropriate housing stock to create housing opportunities

Objective for the provision of affordable housing

Increase local and regional capacity so more communities can take advantage of programs

Enhance communication through outreach and heightened awareness of programs

Explore other resources to more fully leverage available planning funds

Oklahoma

The State of Oklahoma Consolidated Plan for 2004 – 2009 includes the following observations concerning housing needs in Oklahoma.

Year after year, Oklahoma ranks at or near the top in affordable housing. Oklahoma City and Tulsa traditionally are two of the least expensive housing markets among 75 major metro areas. And as a percent of total income, housing and rental costs in these tow cities were the lowest in the nation. This low housing cost burden is not just within the metro areas of the state but filters out, even more so, into the rural areas.

Newly created jobs however, continue to be located in rural communities that have little to no vacant, decent, safe, sanitary, and affordable housing units. As a result, long distance commuting to employment centers is rapidly becoming common place.

Three readily apparent negative impacts result for the lack of affordable housing units in rural areas:

Employers experience large scale, rapid turnover of their workforces due to costly and time consuming commuting which impairs their ability to stabilize and expand production.

Employment centers are often unable to tot realize the full benefit of their own economic expansion because they do not house workforces locally. Since workers do not live in their place of employment, sales taxes, ad valorem taxes and other revenues do not remain with the cities where actual job growth has occurred.

Local efforts to recruit new business and industry are impaired because of the lack of affordable housing units, which would otherwise assure employers of their ability to place workforces in close proximity to their base of operations.

The development of new affordable housing rural area has been limited over the lat ten to fifteen years except for homes priced above \$90,000. In 2002, permits for 2,439 new housing were issued for all but the three largest counties in the state. Permits for 7,661 housing units were issued in Tulsa, Oklahoma and Cleveland counties during the same period.

There is a demand for new housing units in rural Oklahoma due to economic expansion that is not being met due to the impact of lower wages in rural areas, fewer builders and difficulties with appraisals of property in rural areas.

Oklahoma's experience with the institutional structure delivering affordable housing resources, products, and services reveals gaps that include:

Rural local private debt capital sources that often severely limit their participation in low-income housing activities.

Resources to address rural housing infrastructure development are too often limited to tradition lenders using tradition and often, cost prohibitive financing approaches.

Public intervention products that target only low-income persons when, in some cases, even those t 100% of the area Median Family Income (MFI) may need some form of assistance, especially in the area of homeownership.

Local capacities, in terms of blending and coordinating the use of affordable housing resources, are limited due to a lack of understanding regarding the purpose of various public intervention resources.

V. Community Investment Cash Advance Programs ("CICA")

The Bank first established the CICA (known then as the Community Investment Program) in compliance with FIRREA's requirements in November 1989. The CICA policy adopted by the Bank has the following features:

1. CICA funds may be used to:
 - A. Finance home purchases or rehabilitation by families whose income does not exceed 115 percent of the median income for the area.
 - B. Finance commercial and economic development that benefits low- and moderate-income families or activities that are located in low- or moderate-income neighborhoods.
2. CICA advances to member financial institutions are priced at the cost of Bank obligations of comparable maturities plus an allowance for administrative costs.
3. CICA advances are available in terms ranging from two months to 30 years.
4. CICA funds are available through advances to member financial institutions in accordance with the Bank's most recent Credit Policy guidelines.
5. CICA advances are a continuously available source of funds. Applications are accepted anytime for project or plan approval and funding.

CICA Projects 1990 - 2006				
Year	Approvals	Amount (in millions)	Housing Units	Community Development
1990	7	132	2,640	
1991	6	92	1,840	
1992	11	77	3,048	
1993	33	109	3,543	3
1994	25	229	6,571	1
1995	25	132	2,990	3
1996	19	44	745	5
1997	31	84	1,556	19
1998	27	33	822	25
1999	33	38	877	31
2000	55	272	4,305	34
2001	65	147	876	45
2002	100	160	1,343	65
2003	242	374	2,946	201
2004	193	491	6,508	144
2005	229	463	4,736	172
2006	180	411	3,780	126
Total	1,288	3,288	49,126	874

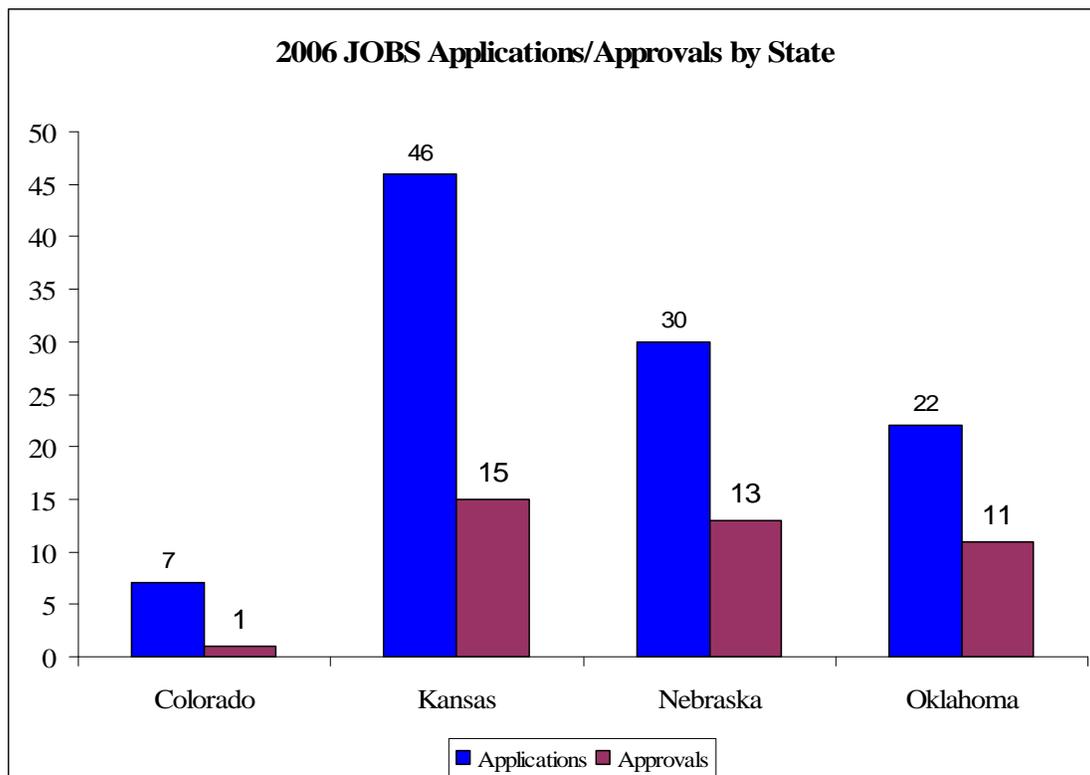
A copy of the 2006 year end CICA report is included as Appendix D.

VI. Joint Opportunities for Building Success (“JOBS”)

One hundred five (105) applications were received in the 2006 JOBS program in 2006 requesting a total of \$2,566,000 of JOBS funds. \$1,000,000 of JOBS funds were available to allocate in 2006. Applications received by state are shown in the graph below. Sixty-two of the 105 requests were for projects located in rural communities.

The applications requested JOBS funds to assist in creating 6,561 jobs and retaining 10,521 others for a total employment impact of 17,082. Slightly more than \$351 million of other funding sources are being combined with the requested JOBS funds for a total investment of \$353,579,932. The average cost per job created/retained for the requested projects was \$20,699. The ratio of other sources to JOBS funds requested was 137 to 1.

Bank staff reviewed and ranked the applications according to the guidelines established for the JOBS program. Staff recommendations for funding were being forwarded to the board of directors for final approval. Forty-one (41) applications were recommended for funding in the 2006 JOBS program for a total of \$996,000 of JOBS funds. Twenty-nine of the forty-one recommended applications are for projects located in rural communities.



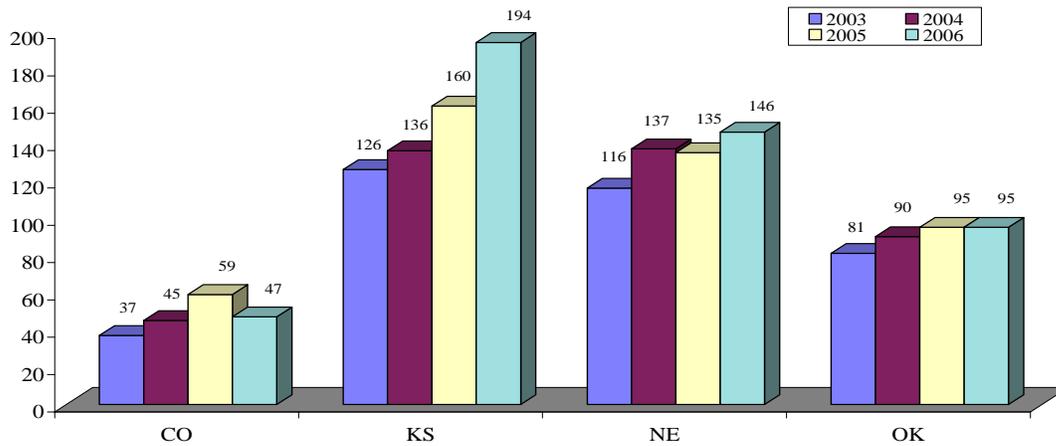
The applications approved provide JOBS funds to assist in creating 2,935 jobs and retaining 3,477 others for a total employment impact of 6,412. Slightly more than \$98.6 million of other

funding sources are being combined with the requested JOBS funds for a total investment of \$99,603,380. The average total investment per job created/retained is \$15,534. The ratio of other sources to JOBS funds requested is 100 to 1. JOBS funding per job impacted is \$155.33. JOBS project descriptions are provided in Appendix C.

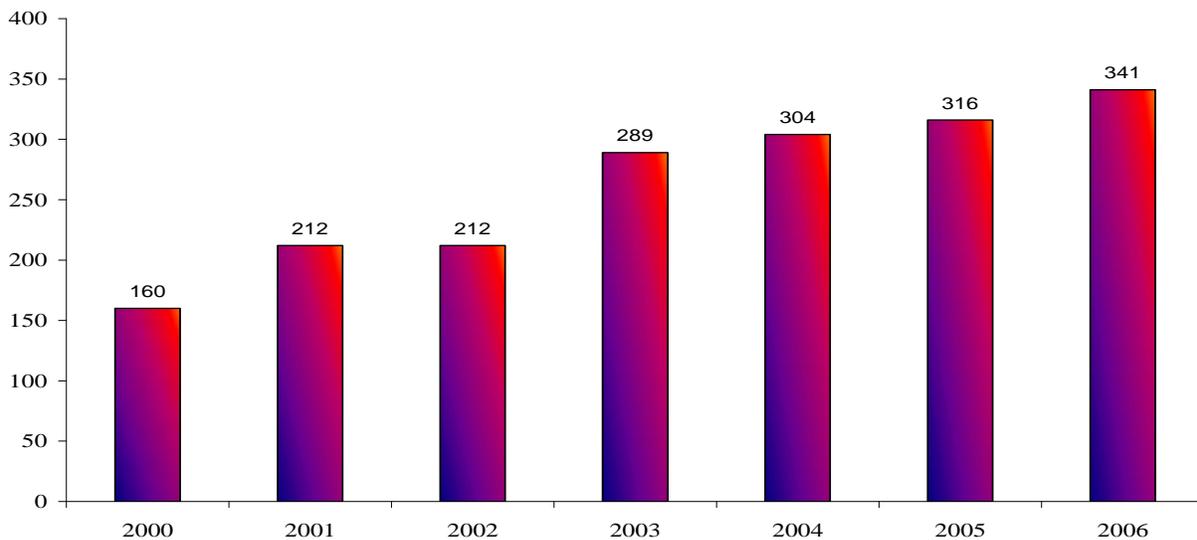
VII. HCD Program Participation

The success of the Banks housing and community development programs is dependent on our member's usage of the available products and services. The charts provided in this section illustrate the levels of participation in the various HCD programs offered by the Bank over the past four years. The level of participation has been one of the primary strategic performance goals for the Bank during the last two years. These programs have experienced steady growth over the past few years.

**Member Participation in HCD Programs by State
2003 - 2006**



Members Using HCD Programs



VIII. Community Support Requirements

The FHFBB adopted final regulations in November 1991 to implement Section 710 (c) of FIRREA. This section of FIRREA required the Finance Board to adopt regulations establishing standards of community investment or service for members of the FHLBank system to maintain continued access to long-term advances. These regulations were published in the Federal Register on November 21, 1991, as amendments to 12 CFR, adding Part 936. The Finance Board issued new Community Support regulations in May 1997 and further modified a small but significant number of provisions as part of the Community Investment Cash Advance regulations issued in 1998.

Section 936.7 of the final regulations encourages each AHAC to include in its required annual report a description of its district's Community Support Program. This section of the AHAC's report provides a review of the Community Support activities in the Topeka district. The Bank's annual Community Support Program including the Targeted Community Lending Plan was adopted in December 2006 and subsequently submitted to the FHFBB but is not included in this document. Other than the first section dealing with Community Support Statements, this description incorporates much of the same information discussed for the various Bank programs but follows the format suggested for the Community Support Program. The Community Support Program required by the regulation to be adopted by each Bank is described in the following section.

Community Support Statements

Section 936.2 of the Community Support Regulations describes the process for documenting member institutions records of community support. The regulations require each member to submit a "Community Support Statement" in a format supplied by the FHFBB on a schedule established by the FHFBB. The FHFBB expects that member institutions will have to submit a Statement every two years.

Each quarter the FHFBB selects the member institutions required to submit statements in that quarter. It has been the FHFBB's policy to select members for review based upon those with the oldest CRA exams conducted under the revised CRA guidelines established by FIRREA. Those institutions that were examined under the new public disclosure system first were selected for submission of Community Support Statements first. Only members with exams undertaken using the revised guidelines are selected for review. It is expected that all members will have been reviewed under these guidelines prior to the end of the first eight quarterly community support reviews. In 1994, the second eight quarter cycle of Community Support Statements was initiated. In addition to those institutions submitting for the second time, commercial bank members approved for membership more than a year previously were added to the list of stockholders required to submit.

The Community Support Statement review by the FHFBB relies heavily on the institutions CRA ratings. Additional information concerning institutions efforts to assist first-time homebuyers is also requested. Members with CRA Ratings of "Needs to Improve" or "Substantial

Noncompliance" are likely to be required to submit a "Community Support Action Plan" responding to the shortcomings described in the member's CRA public disclosure.

Community Support Program

The Federal Home Loan Bank of Topeka's Community Support program was approved by the FHFB in 1993.

As part of the Bank's Community Support Program Bank staff has assisted members from throughout the district in preparing their Community Support Statement materials and have responded to numerous questions from member institutions. Members most frequently ask for assistance with policies and credit practices regarding first-time homebuyers.

The Bank's housing and community development staff continues to refer stockholders to local, regional, and national conferences and have identified and referred them to funding sources, individuals and organizations who are able to provide them with information related to their housing and community investment needs.

The Bank was a sponsor or presenter at several conferences and workshops in 2006. These events provided many opportunities for our stockholders and other housing and community development organizations. Those who attended met housing providers from both the public and private sectors, gained new information, skills and access to technical assistance. Some of the conferences that we sponsored included: The Colorado Rural Housing Now Conference; Oklahoma Energy Housing Conference; The Nebraska Housing and Homeless Conference; Kansas NAHRO/CHDO workshop; Pre-purchase Homebuyer workshops in rural communities in Kansas; and the Oklahoma Community Action Association Housing Conference.

Bank staff has continued to provide technical assistance to members regarding the AHP and the CICA program throughout the past year. These efforts have included:

- 1) AHP/CIP/CHP/CDP program presentations.
- 2) On-site assistance to members and outside groups.
- 3) Bank member publications to all members.
- 4) Announcements of approved projects and application deadlines.

Bank staff continues to provide technical assistance to members needing assistance in preparing and submitting AHP and CICA applications. Educating stockholders and community housing organizations about the use of these programs remains a high priority. In 2006, member assistance packets and brochures were updated and distributed. The Bank regularly makes follow-up calls to see if members have any questions about Community Support requirements, housing and community development programs, technical assistance, etc. We also highlighted affordable housing projects assisted by our members in a number of our regular member publications throughout the year.

The Bank's current four-state housing-related individuals and organizations list contains more than 1,300 names. This listing is used to notify community groups of quarterly CSR notices and is used by staff to refer members to groups in their communities interested in housing and community investment.

IX. Conclusion

FIRREA mandated a significant additional commitment on the part of FHLBanks toward housing for low- and moderate-income households. Since the passage of FIRREA in August of 1989, the Bank has met the requirements of FIRREA by: 1) establishing an AHAC which has met with representatives of the board of directors each quarter thereafter; 2) establishing CICA programs; and 3) establishing and funding an AHP including set-aside programs for rural and disabled first-time homebuyers.

In conclusion, the AHP has been implemented in the Tenth District on a timely basis and has successfully responded to housing needs in Colorado, Kansas, Nebraska and Oklahoma. The continued improvement of the Bank's housing programs is a primary goal of the Bank. The AHAC notes that the future success of the program will depend upon the ability of the Bank to administer the program in a flexible manner within reasonable standards that assures appropriate use of the funds. The single most important factor affecting the future success of the AHP will be the program's ability to quickly respond to housing needs within the district. The continued Bank-level administration of the housing and community development programs is crucial in continuing our past level of success.

The AHAC thanks the FHFBS for the opportunity to deliver this annual report and is prepared to respond to any questions or comments that the FHFBS may have regarding the contents of this report.

Appendix A
Minutes of
Advisory Council Meetings
2006

Federal Home Loan Bank of Topeka
Minutes of the March 22 – 23, 2006
Meeting of the Affordable Housing Advisory Council

The Affordable Housing Advisory Council (AHAC) of the FHLBank Topeka (Bank) held a regular quarterly meeting on March 22 – 23, 2006, at the offices of FHLBank Topeka in Topeka, Kansas.

AHAC members present:

Jo Davidson, Chair
Richard Brierre, Vice Chair
June Bailey
Becky Christoffersen
David Herlinger
Michael Maroney
Dena Sherrill
Duke Tsoodle

AHAC members absent:

Vicky Dayton
Roger Nadrchal

Others present:

Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

HCD staff conducted an HCD programs orientation for the newly appointed Affordable Housing Advisory Council (AHAC) members, Mr. Herlinger and Ms. Christoffersen, on Wednesday morning prior to the regular meeting. The orientation was attended by five existing members of the AHAC as well.

The meeting was called to order at 2 p.m. (CST). Ms. Davidson presided over the meeting and Mr. Imming acted as secretary. The minutes of the December 14, 2005, AHAC meeting, and December 15, 2005, joint AHAC and board of directors' Housing and Community Development Committee (HCD) meeting, were approved as submitted.

Ms. Davidson and Mr. Brierre were nominated to continue as Chair and Vice Chair respectively for 2006. No other nominations were forthcoming; therefore Ms. Davidson and Mr. Brierre were elected to the 2006 chair and vice-chair positions respectively.

The current AHAC charter was distributed with the meeting materials. Mr. Imming reported that a review of the charter is scheduled for March of each year. He reported there were no changes proposed by staff to the current charter, however, council and committee members were encouraged to review the charter and offer any suggestions or questions. In response to a question it was noted that the AHP proposed rule, if adopted in final form as proposed, would require changes to the charter as to terms and length of terms. A motion was made and approved by the AHAC without objection to retain the language of the current charter.

A copy of the 2005 AHP second round scoring review report was provided with the meeting materials. Mr. Imming reviewed the report including the special circumstances associated with the submission and treatment of applications in that round. Twenty-two applications and four alternates were approved by the board of directors. AHP funding for the 2005 AHP second round totaled \$4,105,322 to assist 997 units of affordable housing. Mr. Imming noted that the last project shown on the approved list was proposed to be approved partially funded as the second round funds had not been sufficient to fund the entire amount requested.

Mr. Imming reported that a detailed review of the AHP Implementation Plan (IP) adopted in December 2005 was completed by Mr. Hodges in early 2006. This review was performed to identify and correct potential compliance issues such as those that have been raised by the Finance Board over the past couple of years concerning various aspects of the Bank's IP. Mr. Hodges' review included a line-by-line comparison of the IP to current regulations. As a result of this review, a revised plan was drafted including changes to the text of the plan where necessary to identify applicable regulations and to better conform the IP to regulatory requirements. Mr. Hodges also identified areas of the IP needing additional clarification or explanation to insure regulatory compliance. The revised draft of the IP was then provided to Mr. Imming for preparation of a side-by-side comparison of the revised plan and current regulations. AHAC members were advised that the results of Mr. Hodges' review could be found in both the side-by-side comparison and the proposed amended IP both included in the meeting materials provided to AHAC members in advance of the meeting.

Mr. Imming reported that the proposed revised IP, the side by side comparison and the memo have been provided to the Bank's Legal department for review. Legal staff is reviewing the information provided and expects to complete its review in the next 60 days. Mr. Imming reported that the revised IP is proposed to be adopted as an amended 2006 AHP IP subject to changes resulting from the Legal department review, input from the AHAC and action by the board of directors.

Each of the changes from the current IP were reviewed and discussed by the AHAC. The AHAC recommended retaining some of the suggested revisions as well as modifying several areas of the draft IP. The table attached as Exhibit A identifies the areas in the proposed IP with suggested changes made by the AHAC.

The AHAC meeting concluded after completion of the review of the proposed amended 2006 IP.

There being no further business to discuss, the meeting was adjourned at 5 p.m. (CST).

The joint meeting of the AHAC with the board of directors' Housing and Community Development Committee (HCD) began at 8 a.m. (CST) on March 23, 2006, at the offices of FHLBank Topeka.

Federal Home Loan Bank of Topeka
AHAC Meeting/Joint AHAC and board of directors' HCD committee meeting
March 22-23, 2006
Page 4 of 81

AHAC members present:

Jo Davidson, Chair
Richard Brierre, Vice Chair
June Bailey
Becky Christoffersen
David Herlinger
Michael Maroney
Dena Sherrill
Duke Tsoodle

AHAC members absent:

Vicky Dayton
Roger Nadrchal

Housing and Community Development Committee members present:

Lindel E. Pettigrew, Chair
Harley D. Bergmeyer
Steven D. Hogan
Thomas H. Olson
William R. Robbins

Others present:

Andrew J. Jetter, President and Chief Executive Officer
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

The joint meeting of the Affordable Housing Advisory Council (AHAC) and the board Housing and Community Development Committee (HCD) was called to order at 8 a.m. (CST). Ms. Davidson presided over the meeting and Mr. Imming acted as secretary.

Mr. Brierre reported on the results of the previous day's AHAC meeting for the benefit of the committee including the discussion of the proposed amended 2006 AHP Implementation Plan (IP) resulting from the Bank staff compliance review. He shared the results of AHAC discussions of the IP compliance review project including the following issues proposed for modification by the AHAC.

- Allow funding out of district set-aside program.
- Retain current per-member limits for both RFHP and TOP.
- Retain current down payment requirement.
- Retain front ratio 15 percent homeowner minimum monthly housing to gross income obligation.
- Restore reference to minimum down payment consistent with 3.2.3.
- Retain current requirement that half of funds for previous approvals of the same project be required before another application for the same project can be submitted.

- AHAC concurred with recommendation not noted in proposed amended plan but recommended by Bank staff to add feasibility requirements that: 1) All sources of funds must be committed prior to disbursement of funds; and 2) Documentation of eligible AHP expenses must be provided with each disbursement.
- Concerning the issue of application limits, modify proposed amended plan provision 6.2.1 to read:

“Multiple requests for the same project, program or housing units deemed to be identical are not allowed. A request in excess of \$450,000 in AHP subsidy for a specific project, program or group of housing units is not permitted. FHLBank Topeka staff has the responsibility and authority to define what constitutes a project, program or group of housing units as well as determining the course of action to be taken. This limitation applies to all AHP applications in a single AHP offering or subsequent AHP offerings intended to benefit the same project, program or group of housing units. For homeownership requests the maximum AHP funding is \$450,000 per sponsor in each round. Applications to assist owner-occupied housing shall be considered the same project or program if the member is the same or the sponsor is the same or commonly controlled or owned. (This limit will also apply to applications that although submitted by different members benefit essentially the same project, program or group of housing units.)
- Retain the following scoring factors under empowerment not specifically mentioned in the regulation:

“In addition, scoring will be assigned for other services that assist residents to move toward better economic opportunities and these are defined as being: sweat equity/self-help programs, family self sufficiency program, youth education programs, transportation services, welfare to work initiatives, individual development accounts and welfare to work initiatives.”
- Retain the following current additional scoring factors under community stability:

“In addition, scoring will be assigned for other factors that promote community stability and these are defined as being: Infill development, addresses rural employment related housing need, promotes economic diversity, construction in a designated high cost to develop rural area, development in a designated hard to develop urban area, rehabilitation/adaptive reuse of historic property, preservation of housing occupied by low- and moderate-income persons at risk of conversion to market rate housing, removal of blighted structures, infrastructure improvements, and abatement of hazardous environmental conditions.”

AHAC and HCD committee members also discussed some aspects of the proposed IP amendments; primarily the issue of application limit amount for applications. Mr. Imming reported that the Bank's Legal staff would review the information provided including the AHAC suggested revisions. The review by Legal is expected to be complete in the next 60 days. Mr. Imming reported that the revised IP is proposed to be adopted as an amended 2006 AHP IP subject to changes resulting from Legal department review, input from the AHAC and action by the board of directors at its June 2006 meeting.

Provisions of the AHP proposed rule were reviewed. Bank staff reported that overall the proposed rule does not appear to include any significant changes in AHP policies on the part of the Finance Board. Mr. Imming reported that the discussion among the FHLBank's community investment officers at a recent joint meeting indicated less satisfaction on the part of other FHLBanks in the system with the proposed rule. Other FHLBanks had specific areas of concern related to the proposed rule while many also expressed a feeling that the provisions of the proposed rule missed an opportunity for improvement of the AHP. In general the proposed rule impacted the following areas:

- Monitoring requirements placing more responsibility on the Banks to develop policies and procedures for monitoring;
- AHP scoring provisions remain essentially unchanged;
- Providing Bank discretion to fund loan pools and revolving loan funds;
- Written policy and procedure requirements are identified and emphasized;
- Separation of set-aside regulations from those for the competitive program; and
- AHP eligibility, including feasibility sections of the regulations.

Changes to provisions impacting the AHAC were also reviewed; these include:

- Permits an AHAC member to serve an initial term of "up to" 3 years. (This is intended to lessen the likelihood that more than one-third of AHAC members' terms will expire in any one year);
- Requires council to elect AHAC officers (current rule "permits").
- In addition to the general reference of the AHAC to advise a Bank on its housing and community lending activities, the proposed rule adds a list of specific issues that the AHAC is to advise the Bank on: 1) relative allocation between competitive and set-aside; 2) eligibility criteria for both competitive and set-aside; 3) definitions for competitive; and 4) any priority criteria for set-aside;
- Deadline for the annual AHAC report to the Finance Board extended from March 1 to May 1; and
- A board of directors cannot delegate to Bank staff its responsibility for appointing AHAC members and/or meeting with AHAC.

Bank management reported that the Bank would submit a comment letter to the Finance Board by the April 27, 2006, deadline and would share that comment letter with members of the AHAC prior to sending to the Finance Board. Bank staff indicated a willingness to coordinate any conference calls necessary should the AHAC members decide to submit a comment letter of its own.

There being no other business to come before the committee, the joint meeting was adjourned at 9:30 a.m. (CST).

Respectfully submitted by:

Christopher J. Imming, FVP, Housing and Community Development

Approved by:

Jo Davidson, Chair

EXHIBIT A

	Proposed IP	AHAC 3/22/06 Consensus
3.2.1 RFHP 3.3.1 TOP	The current IP limits the RFHP to rural areas within the Bank's district. The AHP competitive program is no longer restricted to in-district projects. Should the RFHP and TOP be limited to in-district? The amended plan leaves the programs restricted to in-district.	Change proposed: amended plan to delete reference to in district and allow out of district.
3.2.1 RFHP 3.3.1 TOP	The limitation on the maximum amount a member may reserve and use is not specifically allowed by the set-aside portion of the regulations although the regulations applicable to the competitive portion of the AHP do allow maximum amounts for members to be established by the FHLBanks. The maximum amount per household is set by regulation at no more than \$15,000 so RFHP TOP \$4,000 limit per HH is OK.	Change proposed: amended plan to retain current per member limits for both RFHP and TOP.
3.2.3 b. RFHP 3.3.3 c. TOP	The \$500 minimum down payment is not a regulatory requirement or allowance and is recommended to be deleted. Including this provision relies on an interpretation of 951.5 "allocation criteria" and "other eligibility criteria . . . such as . . ."	Change proposed: amended plan to retain current down payment requirement.
3.2.5 RFHP 3.3.5 TOP	That portion of 3.2.5 referencing funding gap and front ratio are not regulatory requirements or allowances and are recommended to be deleted. Including this provision relies on an interpretation of 951.5 "allocation criteria" and "other eligibility criteria . . . such as . . ." included in AHP regulations.	Change proposed: amended plan to retain front ratio 15% homeowner minimum monthly housing to gross income obligation.
3.2.10 RFHP 3.3.9 TOP	The reference to minimum down payment is deleted consistent with deleting 3.2.3 b. and 3.3.3 c.	Change proposed: amended plan to restore reference to minimum down payment consistent with 3.2.3.
4.4	The requirement that a project use at least half of its previously approved funds before applying for more funds is not specifically allowed by AHP regulation. This provision was adopted to prevent projects, primarily homeownership assistance programs, from submitting applications and being approved new funds when funds from previous approvals had not been used to a reasonable extent. Retaining this requirement still serves a useful purpose and is recommended to be retained as the potential negative impacts of not having such a requirement out weigh the potential for a compliance finding.	Retain current requirement that half of funds for previous approvals of the same project be required before another application for the same project can be submitted. Add word "deemed" to "Applications deemed substantially equivalent . . ."

EXHIBIT A (continued)

	Proposed IP	AHAC 3/22/06 Consensus
4.7.7	Feasibility Criteria Table	AHAC concurred with recommendation not noted in proposed amended plan but recommended by Bank staff to add feasibility requirements that: 1) All sources of funds must be committed prior to disbursement of funds and; 2) Documentation of eligible AHP expenses must be provided with each disbursement.
6.2.1	The maximum per project limit has been revised in light of questions raised after 2005 B – Applications Review.	Modify proposed amended plan 6.2.1 to read: “Multiple requests for the same project, program or housing units deemed to be identical are not allowed. A request in excess of \$450,000 in AHP subsidy for a specific project, program or group of housing units is not permitted. FHLBank Topeka staff has the responsibility and authority to define what constitutes a project, program or group of housing units as well as determining the course of action to be taken. This limitation applies to all AHP applications in a single AHP offering or subsequent AHP offerings intended to benefit the same project, program or group of housing units. For homeownership requests the maximum AHP funding is \$450,000 per sponsor in each round. Applications to assist owner-occupied housing shall be considered the same project or program if the member is the same or the sponsor is the same or commonly controlled or owned. (This limit will also apply to applications that although submitted by different members benefit essentially the same project, program or group of housing units.)
7.14.1	Applications Scoring.	Retain the following scoring factors not specifically mentioned in the regulation: “In addition, scoring will be assigned for other services that assist residents to move toward better economic opportunities and these are defined as being: sweat equity/self-help programs, family self sufficiency program, youth education programs, transportation services, welfare to work initiatives and individual development accounts.

EXHIBIT A (continued)

	Proposed IP	AHAC 3/22/06 Consensus
<p>7.15.1 and 7.15.2</p>	<p>The IP includes the following under factors eligible for community stability that are not specifically referenced among the items allowed in the regulation: “. . . promotes economic diversity . . . infill development, addresses rural employment related housing need, construction in a designated high cost to develop rural area, development in a designated hard to develop urban area, rehabilitation/adaptive reuse of historic property, preservation of housing occupied by low- and moderate-income persons at risk of conversion to market rate housing, removal of blighted structures, infrastructure improvements, and abatement of hazardous environmental conditions . . .”</p> <p>The regulation for community stability: “(I) Community stability. The promotion of community stability, such as by rehabilitating vacant or abandoned properties, being an integral part of a neighborhood stabilization plan approved by a unit of state or local government, and not displacing low- or moderate-income households, or if such displacement will occur, assuring that such households will be assisted to minimize the impact of such displacement.”</p> <p>The list of factors credited under community stability consists of those factors specifically mentioned in the regulation as well as those adopted by the board after consultation with AHAC over recent years. Economic diversity and the terms following infill have been added as the result of discussion with the AHAC and approval by the board. The current text excludes the reference to “other equivalent commitments” that had been part of this definition prior to December 2005. The recent Finance Board exam finding did not cite or question the other factors listed as the regulation for this section uses the term “such as” to illustrate but not limit what the Bank can determine to be part of this factor. Unlike the special needs issue raised by the Finance Board the Finance Board did not question these factors as eligible for community stability.</p> <p>The non-regulatory language remains in the IP as proposed, however, retaining the language does entail compliance risk should the Finance Board apply a strict interpretation of its own in place of that of the AHAC and board.</p>	<p>Retain current additional scoring factors but add language consistent with 17.14.1</p> <p><u>“In addition, scoring will be assigned for other factors that promote community stability and these are defined as being:</u> Infill development, addresses rural employment related housing need, promotes economic diversity, construction in a designated high cost to develop rural area, development in a designated hard to develop urban area, rehabilitation/adaptive reuse of historic property, preservation of housing occupied by low- and moderate-income persons at risk of conversion to market rate housing, removal of blighted structures, infrastructure improvements, and abatement of hazardous environmental conditions.”</p>

Federal Home Loan Bank of Topeka
Minutes of the June 26-27, 2006
Meeting of the Affordable Housing Advisory Council

The Affordable Housing Advisory Council (AHAC) of the FHLBank Topeka (Bank) held a regular quarterly meeting on June 26 -27, 2006 at the Garden of Gods Club, Colorado Springs, Colorado.

Council members present:

Jo Davidson, Chair
Rich Brierre, Vice-chair
June Bailey
Becky Christoffersen
David Herlinger
Michael Maroney
Dena Sherrill
Duke Tsoodle
Vicky Dayton
Roger Nadrchal

Others present:

Andrew J. Jetter, President & CEO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

The meeting was called to order at 2 p.m. (MDT). Ms. Davidson presided over the meeting and Mr. Imming acted as secretary. The minutes of the March 22, 2006, AHAC meeting, and March 23, 2006, joint AHAC and board of directors' Housing and Community Development Committee (HCD) were approved.

The AHAC discussed the proposed amended 2006 Affordable Housing Program Implementation Plan (AHP IP). Mr. Imming advised the AHAC that the proposed amended 2006 AHP IP was the culmination of the AHP IP compliance review process started after adoption of the 2006 AHP IP in December 2005. The compliance review process included a review of the adopted AHP IP against current AHP regulations by senior management and HCD management prior to the March 2006 AHAC meeting. A review by the Bank's legal counsel was not complete at the time of the March meeting but was subsequently completed prior to the June 2006 meetings. A proposed amended 2006 AHP IP had been provided to the AHAC at its March meeting. As a result of discussion in March, the AHAC recommended modifications to the proposed plan for consideration by the HCD committee. The AHAC's proposed changes were incorporated into the revised amended 2006 AHP IP presented for review by AHAC and HCD today. The amended AHP IP also reflects the changes, primarily technical in nature, recommended by the Bank's legal counsel. The AHAC discussed the amended 2006 AHP IP as proposed for consideration at the June meetings. The impact of the AHP proposed rule published in December of 2005 was raised by the AHAC. Mr. Imming reported that the latest information from the Finance Board

was that the final rule was expected to be acted on in the fall of 2006. He also suggested that if adopted as proposed the AHP regulations would require consideration of an AHP IP with more detailed regulatory requirements than the current AHP rules. The AHAC also discussed the reference to Bank monitoring requirements that establish requirements for compliance beyond those specifically required by the current regulation. Mr. Imming reported that the Bank's monitoring requirements include provisions requiring member, sponsor and owner reporting and documentation not specifically mentioned in the regulations but deemed necessary by HCD staff to address the intent of the regulations and to satisfy best business practices and recommendations of oversight reviewers. He cited the initial monitoring process for rental projects as an example where regulations require only certifications but the Bank requires documentation to support to the certifications of compliance with AHP commitments and requirements. The AHAC was also advised the AHP IP compliance review process was an initial effort contained within a comprehensive HCD compliance and process improvement effort. The AHAC approved a motion recommending that the HCD committee and board of directors adopt the proposed amended 2006 AHP IP as submitted.

The AHAC also discussed the issue of AHP resources provided to homeownership units versus resources provided to rental units. The AHAC's meeting materials included a memo with accompanying tables and charts applicable to discussion of the funding provided by AHP according to the occupancy type of the assisted units. Mr. Jetter briefed the AHAC on the development of management concerns related to the amount of funding provided to homeownership units versus rental. The issue surfaced during the course of the review of the second round of the AHP in 2005 where homeownership applications submitted in the 2005 B round highlighted the potential for a significant shift in the proportion of funding to owner-occupied units. The staff recommendation and board action of that round and subsequent AHP IP compliance review addressed the related issue of the maximum AHP funding limit per-application. The AHAC discussed whether a comparison of funding by type of unit would be any different if the dollar amount of funding were used for comparisons rather than number of units. Information concerning the amount of AHP per unit, the income of households assisted, number of units and the minority characteristics by occupancy were suggested during the course of discussion as useful to future meeting discussions. The AHAC also expressed interest in the participation of members and sponsors to determine whether the AHP programs were being used by a diverse group of participants or whether use has been concentrated among a few members and sponsors with repeated approvals. In addition to discussion of the funding by occupancy the AHAC discussed various aspects of the advantages and disadvantages of AHP funding through the set-aside programs versus the competitive AHP. The AHAC noted that the data showed some difference in the success rates of homeowner versus rental unit projects in the early years of the programs versus the most recent years with the most recent two-year period showing the first signs of significant difference in the success rates of homeowner units versus rental units. The initial consensus of the AHAC expressed at the conclusion of the discussion was that although there was no apparent definitive unwarranted distribution of AHP resources to homeownership units additional information would provide information needed to address the question in more detail. Management indicated it would begin providing this information beginning with the 2006 second round of AHP.

Mr. Hodges reported on plans spearheaded by the Bank to hold a housing and economic development forum in Washington, DC, in late November 2006. He briefly reviewed the various themes and topics under consideration.

The AHAC was briefed on the status of open positions on the AHAC that resulted from the changes in status of former members Mr. Bautista and Ms. Templeton. Since both individuals as of January 2006 were no longer associated with organizations necessary to meet the qualifications for continued service on the AHAC, the board initiated a process at the March meeting to identify persons suitable to be appointed to the remaining terms for these positions on the AHAC. Mr. Imming reported that an item on the board agenda for the June meeting was to take final action on a recommendation to be made by the board HCD at their meeting the following day. He also reported that the nomination process for AHAC members for terms beginning in 2007 would be initiated in July so that the board could consider appointment at the September meeting. This would allow for newly appointed members to attend the December 2006 meeting.

There being no other business to come before the AHAC, the meeting was adjourned at 5 p.m. (MDT).

The joint meeting of the AHAC with the board of director's Housing and Community Development Committee (HCD) began at 8 a.m. (MDT) on June 27, 2006, at the Garden of the Gods Club, Colorado Springs, Colorado. Ms. Davidson presided over the meeting and Mr. Imming acted as secretary.

AHAC members present:

- Jo Ellen Davidson, Chair
- Rich Brierre
- June Bailey
- Becky Christofferson
- David Herlinger
- Michael Maroney
- Dena Sherrill
- Duke Tsoodle
- Vicky Dayton

AHAC members absent:

- Roger Nadrchal

Housing and Community Development Committee members present:

- Lindel E. Pettigrew, Chair
- Steven D. Hogan
- Thomas H. Olson
- William R. Robbins

Others present:

Ronald K. Wente, Chairman of the board
Andrew J. Jetter, President & CEO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

Mr. Brierre reviewed the discussion and action of the previous day's meeting of the AHAC including the AHAC recommendation to recommend HCD committee and board approval of the amended 2006 AHP IP. The amended 2006 AHP IP resulted from the compliance review conducted by Bank management, HCD staff and Legal department staff. The AHP IP review is the first step in the Bank's compliance review of all of the Bank's HCD processes. Mr. Hodges reported that the same type of analysis would be conducted of the proposed AHP rule and the current AHP IP to insure compliance with the AHP regulations when the proposed rule becomes final later this year. In response to a question, Mr. Imming reported that the proposed rule does not adopt a less restrictive approach to monitoring overall. Although some specific deadlines of the current rule are not retained in the proposed rule the current components of the monitoring system are retained. The proposed rule will require more in-depth treatment of monitoring based on proposed requirements for the AHP IP.

Mr. Brierre also reviewed the previous day's AHAC discussion of AHP funding for homeownership and rental units. The AHAC discussion did not result in a consensus that there was a disproportionate level of funding for homeownership based on the information provided. The AHAC noted that additional information had been requested to provide additional analysis of the issue of homeownership units funded compared to rental units including data on subsidy per unit, income levels served, number of units and member participation by type of occupancy. The higher level of AHP subsidy available in 2006 may result in a high level of approvals for both types of projects. The high percentage of approvals likely to occur in 2006 for all types of projects may require additional attention to the quality of applications approved. Mr. Imming reported that the 2006 round A applications and scoring review that would be acted on by the board the following day did not reveal any obvious concerns regarding the quality of recommended projects. The AHAC and HCD committee encouraged promotion of the AHP and urged the Bank to continue the high level of technical assistance provided to AHP participants. A request was made of management to obtain additional information regarding the success rate of applicants utilizing the technical assistance review of draft AHP applications. Improvements to the online AHP application were also suggested to make the online submission even more user-friendly. AHAC members also noted that changes in housing markets in the district would also impact the demand for various types of housing units. The resulting impact on interest in AHP resources may be impacted by housing markets rather than changes in Bank policies oriented to one type of housing or the other.

Mr. Hodges reported to the AHAC on the plans being coordinated by the Bank to hold a housing and economic development forum in Washington, DC, in late November concerning housing and community issues applicable to the FHLB system. He reviewed the various themes and topics under consideration and received feedback from AHAC members on potentially timely topics including financial literacy, predatory lending, employer assisted housing, green building, mixed use development, reuse of military installations and inclusionary development.

Mr. Jetter raised the issue of the need for an updated assessment of housing and community development issues in the district. The most recent formal assessment was made five years ago. The AHAC and committee agreed that even though such an assessment was not likely to be part of the requirements of the new AHP rule there would be value in a formal review of the information already available. State and local sources in the district including the special commission on housing recently formed in Colorado and the HUD-mandated consolidated plans required in each state were suggested as likely starting points for good information on district housing issues.

Mr. Jetter and Mr. Haar provided a brief update on the status of GSE legislation now before Congress. Mr. Haar reviewed the provisions of the bill as proposed and committed to looking into any provisions of the bill impacting mission regulation and potential impact on the AHP and other Bank mission programs.

Mr. Imming shared with the AHAC and committee the recent reorganization of the Bank HCD staff precipitated by the move of Ms. Kendall, former AHP manager, to the Bank's Information Technology department. Ms. Miller-Atwood and Ms. Carter have been named supervisors of the AHP rental and homeownership programs respectively. Mr. Ward will remain the manager of the Bank's non-AHP and community programs and assume more responsibility for overall HCD department compliance and quality assurance.

There being no other business for the joint meeting of the AHAC and committee the meeting was adjourned at 9:30 a.m. (MDT).

Respectfully submitted by:

Christopher J. Imming, FVP, Housing and Community Development

Approved by:

Jo Ellen Davidson, Chair

**Federal Home Loan Bank of Topeka
Minutes of the September 20-21, 2006
Meeting of the Affordable Housing Advisory Council**

The Affordable Housing Advisory Council (AHAC) of the FHLBank Topeka (Bank) held a regular quarterly meeting on September 20-21, 2006 at the offices of FHLBank Topeka.

Council members present:

Jo Ellen Davidson, Chair
Michael Avery
June Bailey
Becky Christoffersen
Vicky Dayton
Michael Maroney
Roger Nadrchal
Joe Rowan
Dena Sherrill
Duke Tsoodle

Council members absent:

Richard Brierre
David Herlinger

Others present:

Andrew J. Jetter, President & CEO
Mark E. Yardley, Executive Vice President & CFO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

The meeting was called to order at 2 p.m. (CDT). Ms. Davidson presided over the meeting and Mr. Imming acted as secretary. The minutes of the June 26, 2006, AHAC meeting, and June 27, 2006, joint AHAC and board of directors' Housing and Community Development Committee (HCD) were approved as submitted.

Mr. Imming reported to the AHAC the results of the first round of the AHP in 2006 approved by the board of directors at the June 2006 meeting. The list of applications recommended for approval plus four alternates was provided to the AHAC in the meeting materials. Forty-five applications were received in the first round of the 2006 AHP, with subsidies requested totaling \$8,919,406. \$6.9 million of AHP subsidy funds were available to allocate in this round. Applications received by state were as follows: Colorado, 11, Kansas, 20, Nebraska, 3, Oklahoma, 6 and North Dakota, 4. Thirty of the 45 requests were for units located in rural communities and four applications were from members that have not previously submitted an AHP application.

The applicants requested AHP funds to assist in financing 1,894 housing units, of which 583 units were targeted to owner occupants and 1,311 units were targeted to renters. The average

subsidy per-unit requested was \$4,709 and 63 percent of the households targeted for assistance were very low-income. Each dollar of AHP subsidy requested leveraged \$18.83 from other public and private funding sources. Newly constructed units requested totaled 683 units, 503 units to be rehabilitated and 708 existing units to be purchased. Of the 1,894 housing units in the applications for funding, 38 percent of the units are single-family while the remaining 62 percent of the units are multi-family. As a result of the review of the applications received against the AHP eligibility requirements, four applications, involving 112 units, were deemed to be ineligible to be scored in the round. The four applications deemed ineligible were submitted by the same member, Matrix Capital Bank, Denver, Colorado, using the same “nonprofit” sponsor, Housing Alternatives, Inc., Sacramento, California, for projects located in four communities in North Dakota. Mr. Imming explained that these projects all involve the acquisition and rehabilitation of existing multi-family developments funded with USDA loans and proceeds of previous LIHTC approvals. HCD staff determined that several issues existed in these applications, including excessive developer fees, excessive loan fees and differences between information provided for the purposes of the AHP and the financial information and LIHTC information provided with the applications. It was determined that the projects failed to meet the AHP eligibility need for subsidy requirements. It appeared that the transactions benefiting from the requested AHP funding were primarily the acquisition and rehabilitation of projects that have run the initial LIHTC compliance period and are being acquired by a new developer. No additional units are being added and the need for rehab appears to be the result of deferred maintenance and current owners’ failure to adequately fund replacement reserves. One application was not evaluated for eligibility, per AHP guidelines, as no member signature was submitted following the submission of the online application.

Thirty-three applications and four alternates were approved in the first round of the 2006 AHP, with subsidies totaling \$6,772,406. This number represents slightly more than 50 percent of the total amount available for AHP in 2006. Applications recommended by state are as follows: Colorado, 10, Kansas, 15, Nebraska, 2 and Oklahoma, 6. Twenty of the 33 recommended applications are for units located in rural communities. The applications recommended will provide AHP funds to assist in financing 1,443 housing units, of which 628 units are targeted to owner occupants and 815 units are targeted to renters. The average subsidy per-unit recommended is \$4,693 and 69 percent of the households targeted for assistance are very low income. The total projected cost for requested units is \$124.4 million, with the average total cost per unit at \$68,250. Each dollar of AHP subsidy requested would leverage \$16.43 from other public and private funding sources. For the applications as recommended, 647 units are to be newly constructed, 314 units involve rehabilitation and 482 are existing units to be purchased. Of the 1,443 housing units proposed for funding, 48 percent of the units are single-family while the remaining 52 percent of the units are multi-family.

The AHAC discussed various aspects of the first round of AHP including issues associated with low-income housing tax credit projects approaching the end of the initial compliance periods. Administrative costs were also discussed as upfront costs associated with the development of affordable housing projects are difficult to fund. The AHAC also discussed the advantages and disadvantages of the AHP online application system. Concerns regarding the requirements and timeliness of AHP disbursements especially for homeownership projects were discussed as well.

Mr. Imming reported and the AHAC discussed the AHP final rule published by the Federal Housing Finance Board (FHFB) on September 13, 2006, to become effective January 1, 2007. A memo highlighting the issues identified by staff was distributed to the AHAC members at the meeting. The FHFB points out its intent to address seven “principal” factors with the proposed rule: (1) Clarification of definitions; (2) separation of set-aside regulations from those for the competitive program; (3) providing Bank discretion to fund loan pools and revolving loan funds; (4) modifying Bank discretion as to not funding out of district or establishing scoring preference for in-district; (5) prohibiting acceleration of future year’s AHP to current year AHP; (6) eliminating the Consumer Price Index adjustment of set-aside and competitive funding; and (7) replacing prescriptive monitoring with standards based on monitoring outcomes. Mr. Imming reported that with respect to comparing the current AHP rule with the final rule most of the changes are concentrated in the: (1) AHP Implementation Plan requirements and required AHP policies and procedures; (2) AHP eligibility, including feasibility sections of the regulations; (3) the requirements for set-aside programs; and (4) monitoring requirements. AHP scoring provisions remain essentially unchanged. Changes evident in the final rule as compared to the proposed rule include allowing banks to adopt a scoring criteria preference for in-district projects and allowing Banks to borrow future year AHP for the current year.

The final rule, consistent with what was in the proposed rule, references requirements concerning the adoption of written policies and procedures and for these, in many cases, to be specifically part of the AHP Implementation Plan (IP). In some cases the IP portion of the regulation discusses including the Bank’s requirements in the IP. However, the applicable section of the regulations requires “policies and procedures” but fails to reference the IP in terms of inclusion. Given the Bank’s recent experience with cited violations associated with the text of our IP, Mr. Imming reported that it will be important to determine the extent to which policies and procedures required under the proposed rule are to be part of the IP; perhaps even to include appendices that contain all policies and procedures related to AHP.

The changes to the eligibility requirements including feasibility portions of the regulations include those impacting loan pools, revolving loan funds and out-of-district projects as highlighted by the FHFB. Changes to the eligibility portion of the competitive section of the regulations also indicate intent to clarify the evaluation of cost reasonableness, developmental feasibility, operational feasibility and need for subsidy. In addition, FHLBanks would no longer be able to consider member usage of Bank credit products as part of their limitations on application requests. The rule would allow FHLBanks to establish homeownership counseling as a threshold requirement for the competitive program which could significantly impact scoring for homeownership projects should that option be utilized.

The proposed rule’s provisions for set-aside programs make several adjustments that may be significant depending on FHFB expectations. Banks are required to establish policies and procedures for the timely use of set-aside funds and monitoring. Cost reasonableness standards would apply to all set-asides not just to those involving member financing. The no cash back and prohibition of funding for persons with temporary income circumstances such as students is included in the final rule. The rule does remove some of the specific timing associated with the various stages of monitoring that are part of the current rule. The regulation requires the Banks to develop policies and procedures consistent with each of the stages of monitoring that are part

of the current project progress (i.e., initial monitoring after project completion, annual reporting during retention period for rental projects etc.).

Mr. Imming reported that the final rule essentially retained the structure and approach described in the current regulation with a few significant changes. None of the proposed changes make the program substantially easier or simpler for members or sponsors to access and use. The loan pools and revolving loan fund provisions are perceived to be a significant expansion on the part of the FHFB but will likely find few sponsors capable of using the new authority assuming that district FHLBank's decide to allow such uses. In fact, many proposed changes will result in additional compliance efforts. For example, the current rules require submission of an annual certification form by owner of rental property. The proposed rule requires not only annual submissions by the rental property owner but also income and rent information that is not required under the current rule.

Concerning definitions (§951.1) the final rule addressed the following: an FHLBank must define retention period for homeowner rehabilitation; the AHP IP would have to define sponsor (this addresses current concerns that not all nonprofit sponsorship is meaningful--current rule requires only ownership interest); and loan pools and loan funds would also be part of sponsor definition under the final rule.

The final rule provisions related to annual AHP contributions in §951.2 include changes impacting the RFHP and TOP set-aside programs. No acceleration of next year's AHP into current year set-aside is allowed. The new rule consolidates current rule's two-part set-aside into one with maximum funding equivalent to the current combined authority (i.e. the greater of 35 percent of AHP funds not to exceed \$4.5 million). In addition the new rule requires one-third of any new set-aside to be restricted to first-time buyers. Implementation Plan provisions of the final rule in §951.3 include adding retention agreement requirements to IP required items and requiring the IP to be posted on an FHLBank's Website.

The sections of the final rule pertaining to Advisory Councils in §951.4: permits an Advisory Council (AHAC) member to serve an initial term of "up to" three years. This is intended to lessen the likelihood that more than a third of AHAC members' terms expire in any one year; The new rule requires AHAC to elect officers (current rule "permits"). In addition to the general reference of the AHAC to advise a Bank on its housing and community lending activities, the proposed rule adds a list of specific issues that the AHAC is to advise the Bank on: (1) relative allocation between competitive and set-aside; (2) eligibility criteria for both competitive and set-aside; (3) definitions for competitive; and (4) any priority criteria for set-aside. The deadline for the annual AHAC report to the FHFB extended from March 1 to May 1. Mr. Imming noted that the term requirements of the new rule may necessitate some adjustment of the current AHAC terms to comply with the final rule.

The final rule's provisions concerning competitive program requirements in §951.5 consolidates applicable rules now scattered in the current rule and specifies that a prospective member is not eligible until membership is official.

Eligibility requirements sections of the final rule eliminates the need for subsidy (current rule requires the Banks to assess the “need for subsidy”, the reasonableness of “project costs and “feasibility”) consideration of market value of in-kind donations and professional volunteer labor. Unfortunately, in a change from the proposed rule which would have eliminated the need for RI-99-3 that had been applied almost exclusively to Habitat projects, however the final rule codifies the current RI-99-3 requirement. The final rule also would make the need for subsidy requirement independent of a project’s developmental and operational feasibility requirements. The changes are intended to provide the Banks with more opportunities to assist smaller projects and projects with higher production or operating costs, such as projects with services or more common space. Project cost is a separate eligibility requirement and would remove the current requirement that project costs be customary and determined according to “industry standards.” A project’s cost reasonableness would be evaluated by taking into account project location, development conditions, and other non-financial household or project characteristics such as housing for the elderly or for persons with disabilities. The changes are intended to make the program more adaptive to deeply subsidized projects such as those serving special needs populations. The current regulation does not differentiate between developmental feasibility and operational feasibility. The final rule separates developmentally feasible from operationally feasible. Developmentally feasible is the likelihood that the project will be completed and occupied based on feasibility guidelines to be made part of the Bank’s project feasibility guidelines including project’s development budget, market analysis and a sponsor’s degree of experience. Operationally feasible means a rental project’s ability to operate in a financially sound manner, in accordance with feasibility guidelines as projected in the pro forma or similar statement of operational feasibility. Under the final rule eligibility includes reasonable market rate of interest, points, fees and other charges for loans of similar maturity terms and risk. Under the final rule refinancing is only eligible if the refinancing will generate equity proceeds and if the proceeds are used to purchase, construct or rehabilitate eligible housing units. However this only applies to an amount of equity proceeds that is at least equal to the amount of AHP subsidy. The final rule permits revolving loan funds and loan pools. The final rule adds some clarifications in response to comments to proposed rule including: (1) application of initial monitoring requirements to the initial use of funds to be used by revolving loan funds; (2) interest paid on AHP funds in the revolving loan fund cannot be used for admin costs and must be reused for future loans; (3) banks are allowed to require reused funds to be subject to recapture, retention period and monitoring if they specify the requirements in their IP; (4) “only projects funded with the revolving loan funds initial lending of subsidy would be subject to the monitoring requirements applicable to all projects under the competitive program”; (5) rental housing allowed under the loan pool authority; and (6) loan pools are required to provide evidence of sound asset/liability management practices. Under the final rule Banks can longer prohibit out-of-district projects, however, in a change from the proposed rule Banks can provide preferential scoring for in-district projects. The final rule would allow Banks to establish an eligibility criterion subjecting all homeownership projects to a homebuyer counseling requirement. Mr. Imming noted that not mentioned in the final rule discussion is that if a Bank elected to make homebuyer counseling a threshold eligibility requirement, then a commonly credited scoring factor for homeownership projects would be eliminated. Under the final rule the Banks have the discretion to set minimum counseling requirements.

As to scoring, the final rule makes no substantive changes to scoring other than related to disaster areas and out-of-district projects but would make technical revisions and codify certain staff interpretations. Variable point scoring criterion would be evaluated on a fixed scale or on a scale relative to other applications submitted in a round according to the proposed rule. This would codify a current staff interpretation that has never been provided to Topeka. The proposed rule expands a disaster area to allow for scoring for projects to benefit persons displaced by a federal disaster declaration. The proposed rule states that all modifications to an AHP project must be documented in writing to include sufficient analyses and justification and allows in district scoring preference with an admonition that the preference not be used to exclude out-of-district projects

Other provisions for the competitive program are as follows: The rule states that a Bank's IP must include progress requirements. The expressed intent is to provide more flexibility than is allowed by current regulation as the current regulation has allowed for little flexibility for Banks to work around rigid use of funds deadlines for projects with special circumstances; compliance review at disbursement. The rule also provides that a Bank must establish policies and procedures for determining whether the project continues to meet applicable eligibility requirements and all obligations committed to in the approved application at the time of initial disbursement "and prior to subsequent disbursements if the need for AHP subsidy has changed"; and a Bank's "requirements" must be in the IP. Mr. Imming reported that it appears the need for subsidy must be evaluated at initial disbursement and each subsequent disbursement to determine whether the "need for AHP subsidy has changed" provision has been triggered. The final rule acknowledges the difficulty of the current rule requirements at every disbursement but the explanation provided does not explain how this burden is relieved in the final rule.

The final rules' provisions for set-aside program in §951.6 note that *prospective* members are not eligible. The final rule also clarifies determination of household income to be made at the time the household is accepted for enrollment in the program even if they have not yet been qualified for a mortgage loan. Homebuyer education is optional under proposed rule for non-first-time homebuyers in set-aside projects at a Bank's discretion. The final rule clarifies that Banks are not required to establish incentives for members to provide financial or other assistance in connection with providing set-aside funds. The final rule provides that concessions can be required at the discretion of the Banks. The final rule grants the banks the discretion to require non-member loan concessions. Under the final rule cost reasonableness standards would apply to all set-aside assistance not just those where the member is doing the financing as is the case under the current rule. The final rule provides that Banks must define timely use of funds for set-aside programs in IPs and allows up to \$250 as de minimus cash back amount but the only options are reduction of mortgage loan or application to payment. Repayment to FHLBank would not be an option in the event of cash back under final rule. Mr. Imming noted the following from the final rule: "It is the Finance Board's expectation that bank policies for the homeownership set-aside program will be designed to assist AHP income-eligible households who, but for receipt of the AHP subsidy, would not be able to afford to purchase or rehabilitate a home." Depending on the Finance Board interpretation of this intent it could be problematic for the Bank to prove that this intent is met. Under the final rule the member is liable for repayment

of the amount of any excessive financing costs imposed by the lender if the imposition of these costs resulted from the member's actions or omissions.

The monitoring provisions of the new rule in §951.7 include substantive changes. The rule replaces the current rule's prescriptive nature and associated deadlines with more broadly stated performance objectives intended to give the Banks more latitude in the type and frequency of reports and certifications. The proposed rule states that "Specifically, a bank's monitoring policies and procedures must enable it to determine whether: construction or rehabilitation is proceeding satisfactorily; a completed project is progressing satisfactorily toward occupancy for eligible households, and whether commitments made in the approved AHP application are in compliance with applicable AHP requirements within a reasonable time after the project has been completed." Under the final rule the Banks' policies and procedures must include provisions: "requiring Bank review of back-up documentation regarding household incomes and rents that are maintained by the project sponsor or owner"; "for monitoring completed rental projects, commencing in the second year after project completion and continuing for the full 15-year retention period. The monitoring policies must enable a bank to determine whether household income, rents remain in compliance." The proposed rule reference to monitoring populations served was deleted from final rule; "Bank review of annual certifications by project owners that household incomes and rents comply with commitments made in the AHP application and other AHP requirements"; Bank review of back-up project documentation regarding household incomes and rents, as maintained by the project owner; maintenance and review of such other project documentation that the Bank deems necessary; and "for long-term monitoring of rental projects, taking into account various risk factors; . . . such as the amount of AHP subsidy in the project, the type, size and location of the project, sponsor experience, and any monitoring by federal, state or local entity . . . The language of the final rule allows for such risk-based sampling of units as well as projects. References to monitoring for and certifying to "habitability" have been removed from the proposed rule. Mr. Imming reported that the final rule appears to allow expanded use of other entities especially for LIHTC funded projects to be monitored by eliminating the reference to substantially equivalent requirements of other sources monitoring but retains the requirements that the other non LIHTC entity's standards must be equal to or more restrictive than those of the AHP. The rule includes an extended discussion of how the FHFB came to the conclusion that the requirements of the LIHTC meet the requirement necessary to conclude the LIHTC requirements are at least as restrictive as those of the AHP. The discussion is based on the 20/50 and 40/60 requirements of the LIHTC and 20/50 requirement for the AHP but ignores the application commitments to targeting that are rarely at the 20/50 level for rental projects. There is also no mention of the non-income targeting related monitoring requirements of the AHP that are not found in the LIHTC. The final rule requires policies and procedures for determining compliance with set-aside program including requirements for Banks to review documentation regarding household incomes now required in addition to current certifications. Banks could use a sampling plan for purposes of reviewing documentation.

The final rule includes the following provisions concerning remedial actions for noncompliance in §951.8. The final rule gives Banks the discretion to require that a sponsor repay funds resulting from noncompliance directly to the Bank or to the member rather than only to the member as provided in the current rule. Under the final proposed rule the Banks are permitted to

obtain approval from FHFB staff to approve settlements rather than requiring approval of the board of directors of the FHFB. The final rule states that Banks have to reimburse the AHP fund for noncompliance resulting from a Bank's errors or omissions without the FHFB having to order it do so. Under the final rule a Bank must consult with its AHAC before determining whether to allow re-use of direct subsidy in the same project.

The agreements section of the rule §951.9 adds a provision requiring AHP agreements to acknowledge that the member has been notified of the AHP requirements and all Bank policies relevant to the member's approved application. Under the final rule to accommodate the proposed changes in the monitoring requirements the Bank's agreements with their members would not have to set forth the members specific monitoring responsibilities as required by the proposed rule, but must reference the Bank's monitoring policies. In addition, these agreements would have to require the member to have in place its own agreement with each sponsor and project owner setting forth the specific monitoring responsibilities of those sponsors and owners, as required under the bank's policies and procedures." Under the final rule the sale or refinancing of a rental project would not be required if households are relocated to another property subject to AHP restrictions. The final rule requires that if the Bank elects to have sponsors or owners repay funds directly to the Bank in the event of noncompliance the Bank must first have in place an agreement with each project sponsor or project owner under which the party agrees to repay the AHP subsidy directly to the Bank.

There being no other business to come before the AHAC, the meeting was adjourned at 5 p.m. (CDT).

The joint meeting of the AHAC with the board of director's Housing and Community Development Committee (HCD) began at 8 a.m. (CDT), on September 21, 2006, at the offices of FHLBank Topeka. Ms. Davidson presided over the meeting and Mr. Imming acted as secretary.

Council members present:

Jo Ellen Davidson, Chair
Michael Avery
June Bailey
Michael Maroney
Roger Nadrchal
Joe Rowan
Dena Sherrill
Duke Tsoodle
Vicky Dayton

Council members absent:

Rich Brierre
Becky Christoffersen
David Herlinger

Housing and Community Development Committee members present:

Lindel E. Pettigrew, Chair

Steven D. Hogan
Thomas H. Olson
William R. Robbins

Others present:

Ronald K. Wente, Chairman of the Board
Andrew J. Jetter, President & CEO
Mark E. Yardley, Executive Vice President & CFO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President
Eric Haar, Vice President

Ms. Bailey reviewed the discussion and action of the previous day's meeting of the AHAC including the review of the 2006 first round of the AHP and the council's discussion of the LIHTC projects approaching the end of compliance periods. She also briefed the HCD regarding the preference for more applications than the number received in the first round, the problems sponsors have in addressing administrative costs as the AHP and other funding agencies do not allow much flexibility in this area and the timeliness of AHP homeownership program disbursements. Ms. Bailey covered the positives and negatives of the AHP online application submission system. She also highlighted for the benefit of the committee members some of the more important issues covered in the previous day's briefing on the final rule including: loan pools and revolving loan funds now allowed as eligible AHP uses; the staggered term provisions of the rule that may require some adjustment of current council member terms; the set-aside program intent to show that but for the set-aside funds the recipients would not be able to purchase a home; the prescriptive no cash back at closing provisions; and the changes to monitoring requirements. AHAC and HCD members discussed various provisions of the final rule but also the desire to see additional AHP applications especially in Nebraska. AHAC and HCD members were advised that due to the new rules' January 1 effective date, a proposed 2007 AHP IP would be presented and discussed at the December 2006 meetings of the AHAC and HCD committee.

Mr. Haar made a presentation to the AHAC and HCD on the bank's congressional outreach activities. He reported on the various events and contacts that occurred in 2006 to date. He also reported on the status of the GSE legislation that has been pending before Congress for some time.

Ms. Bailey briefed the AHAC and HCD on her participation in the Harvard Excellence in Leadership program. Mr. Olson described for the AHAC and HCD issues impacting rural areas including declining population and employment needs and requested any AHAC or HCD member provide him examples of successful rural development experiences. Mr. Hodges reported to the AHAC on the plans being coordinated by the FHLBank Topeka to hold a forum in Washington, DC in late November concerning housing and community development issues applicable to the FHLB system. He explained the various themes and topics under consideration.

There being no other business for the joint meeting of the AHAC and HCD the meeting was adjourned at 9:30 a.m. (CDT)

Respectfully submitted by:

Christopher J. Imming, FVP, Housing and Community Development

Approved by:

Jo Ellen Davidson, Chair

**Federal Home Loan Bank of Topeka
Minutes of the December 18-19, 2006
Meeting of the Affordable Housing Advisory Council**

The Affordable Housing Advisory Council (AHAC) of the FHLBank Topeka (Bank) held a regular quarterly meeting on December 18-19, 2006, at the Intercontinental Hotel in Kansas City, Missouri.

2006 AHAC members present:

Jo Ellen Davidson, Chair
Richard Brierre, Vice Chair
Michael Avery
June Bailey
Vicky Dayton
David Herlinger
Michael Maroney
Roger Nadrchal
Joe Rowan
Dena Sherrill
Duke Tsoodle

2006 AHAC members absent:

Becky Christoffersen

2007 AHAC members present:

Bill Major

Others present:

Andrew J. Jetter, President and CEO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President

An orientation session was conducted for the AHAC on Monday morning and was attended by 11 AHAC members and by Mr. Major.

The meeting was called to order at 2 p.m. (CST). Ms. Davidson presided over the meeting and Mr. Imming acted as secretary. The minutes of the September 20-21, 2006, AHAC meeting, and September 21, 2006, joint AHAC and board of directors' Housing and Community Development committee (HCD) were approved.

The draft 2007 Affordable Housing Program (AHP) Implementation Plan (IP) was provided in the AHAC materials distributed prior to the meeting. A revised draft of the 2007 AHP IP was presented prior to the start of the AHAC meeting. The revised draft reformatted the draft

provided in the AHAC and board materials into a more concise format but did not change policies or procedures included in the draft with the exception of three AHP eligibility related items. All three changes were made in response to 2006 Federal Housing Finance Board (FHFB) AHP exam issues and involved provisions of the IP related to AHP eligibility criteria. The draft IP provisions concerning Bank prohibition of applications for completed projects and the requirement that 50 percent of previously approved funds be expended before another application from the same project is considered were removed from original draft. The original draft's language concerning the \$450,000 limit on any project request was simplified. Otherwise the revised draft retained the policies as included in the materials included in the AHAC materials.

Mr. Imming reported that the 2007 proposed AHP IP as revised was drafted to be in conformance with the new AHP regulations that become effective in 2007. In addition, the IP responds to issues cited by the FHFB and contained in the preliminary report of the FHFB 2006 AHP exam as well as observations made by the Bank's Internal Audit department in its most recent AHP audit report. Mr. Imming reviewed the process followed in drafting the AHP IP. he noted that the Bank's Legal Department staff provided as final review of the draft IP. The revisions proposed by the Legal Department staff have been incorporated into the draft provided to the AHAC and board of directors for review at the December 2006 meetings of the AHAC and board. Mr. Jetter provided a post-Legal review and made revisions to further align the IP with the FHFB findings as well as changes to make the IP more concise and easier to understand by members.

The AHAC reviewed the proposed AHP IP provisions for the Bank's AHP homeownership set-aside programs. Mr. Imming reported the Bank's set-aside programs in the draft AHP IP were proposed to continue as the Rural First-time Homebuyer Program (RFHP) and the Targeted Ownership Program (TOP) for disabled persons. The funding formula for the programs is proposed to remain the same in 2007 at 20 percent of the total AHP allocation with \$200,000 to be allocated to the TOP and the balance to the RFHP. Mr. Imming reported that it is expected that the total AHP allocation for 2007 will be no less than the 2006 allocation. He noted that 2006 was the first year since the set-aside programs were established in 1997 that the funds available had not been completely exhausted. The 2007 IP provides for offering RFHP funds in June in addition to March and September with funds being allocated equally among the three offerings. Mr. Imming reported that one of the significant differences in the 2007 IP compared to recent years is the elimination of the cost reasonableness standards guidelines that the Bank had adopted to ensure compliance with the cost reasonableness provisions of the AHP regulations. The 2006 FHFB exam preliminary findings apparently prohibit the Bank from establishing definite cost reasonableness guidelines in the AHP IP. He advised the AHAC that Bank staff has ongoing contact with FHFB staff to determine how the cost reasonableness standards that remain in the regulation can be met absent specific guidelines. As a result of this change the following requirements have been eliminated from the AHP IP set-aside program provisions: Fifteen percent minimum front ratio, maximum mortgage term, maximum first mortgage loan interest rate and maximum total closing costs. Other requirements put in place in the past year such as no cash back at closing, income calculation guidelines and scrutiny of assistance to students remain in the proposed 2007 AHP IP. The requirement that members provide "concessions" in conjunction with the financing provided along with the Bank's RFHP or TOP funding has been

made discretionary under the new AHP rule. Consequently, Mr. Imming noted the draft AHP IP eliminated this “concession” requirement for RFHP and TOP-assisted financing because the allowable “concessions” such as lower down payment and higher loan-to-value ratio did not appear to result in meaningful benefits to assisted households. He advised the AHAC that the regulations allow a FHLBank to establish a sampling plan to review compliance with set-aside requirements. The draft AHP IP includes a provision allowing but not requiring the Bank to undertake sampling based review of compliance. Mr. Imming stated that Bank staff believes the risks associated with attempting to monitor and enforce compliance after the release of funds based on a review of a sample of transactions are too great to discontinue the current practice of reviewing each assisted household prior to approving and disbursing set-aside funds.

The AHAC discussed the AHP IP eligibility policies at some length. In response to a query, Mr. Imming explained that the eligibility provisions of the competitive AHP include changes to the evaluation of project feasibility and that the language of the draft 2007 AHP IP reflects the language used in the regulation. The Bank’s project cost and project feasibility guidelines are now included as attachments to the IP but are proposed to remain essentially unchanged in 2007. The new regulation’s need for subsidy and feasibility provisions have been restructured but do not appear to result in significant differences from the old rule. Bank staff will work with FHF staff to gain a better understanding of what its expectations are in this area. Given the limited time available to prepare and adopt the AHP IP prior to the effective date of the new rule the draft IP has initially been prepared without major changes in this area. This is one of the areas likely to be revisited in early 2007 as additional information is received. The AHAC and Bank staff reviewed the three areas affected by the revised draft distributed at the start of the meeting compared to the draft that had been included in the committee materials. The original draft included provisions related to eligibility criteria that had been cited as areas of concern during the 2006 Finance Board examination of the Bank’s AHP IP. The draft made only minor changes in the problematic areas. Review of the draft by senior management resulted in a recommendation that two of the three problem areas be removed from the draft AHP IP. The provisions removed related to policies concerning applications from completed projects and projects that had used at least half of any previously approved AHP funds for the same project. The third provision concerning the maximum AHP application subsidy amount that could be requested in any round had been modified in the original draft and was further modified in the revised draft to more directly reflect the regulatory language of allowable maximum subsidy per project in any round. The AHAC and Bank staff discussed the potential implications of the changes to the eligibility provisions including project accumulation of significant amounts of approved but unused AHP funds.

The AHAC reviewed and discussed the scoring provisions of the proposed AHP IP at length. Mr. Imming reported that although the new AHP regulations did not significantly change the provisions for scoring under the competitive programs, the 2006 Finance Board preliminary report of exam interpretations of the scoring regulations have resulted in significant changes to the Bank’s scoring system as compared to 2006. A 2006 exam preliminary finding negated the Bank’s current second district priority provisions. He advised that the AHAC needed to suggest a new second district priority for the 2007 AHP IP. He noted that the preliminary findings also require major changes to scoring due to interpretations of what’s allowable under other scoring criteria such as community stability. The draft AHP IP incorporates the recommendations of the

preliminary findings of the FHFB exam where possible to move provisions not allowed by the Finance Board such as infill that had been previously scored as part of community stability but is now included as part of district priority one. Community involvement is proposed to be added to district priority one to cover some aspects of what was disallowed by the FHFB in the Bank's previous second district priority. The scoring provisions of the draft IP were developed by staff to retain as much consistency between the 2007 AHP IP and the previous year scoring as permitted by regulation. Mr. Imming reminded the AHAC that they were not constrained by the recommendations made by Bank staff in the draft IP but were of course constrained by regulation. AHAC members and Bank staff reviewed each area of the AHP scoring especially those areas modified from the 2006 AHP IP.

Mr. Imming reported that the proposed AHP IP included no changes to the scoring policies for the targeting criterion. He noted that the draft AHP IP proposes to take advantage of one change allowed under the new rule concerning scoring subsidy per-unit (SPU). The rule allows for the Banks to allocate scores according to a fixed schedule of SPU. In previous years the scoring of SPU was based on the range of SPU requested each round. In prior years, applicants could not be certain of the scoring benefit that would result from a specific SPU requested. An applicant might receive five points one round for a \$4,000 SPU but only 2.5 points in another round for the same level of SPU. The draft 2007 IP establishes a range of \$2,000 to \$10,000 for rental projects and \$2,000 to \$8,000 for homeownership projects. Staff reviewed the SPUs for applications submitted the past three years to arrive at the ranges as reasonable for scoring. AHAC members noted that as a result of this change the specific ranges would be very helpful to applicants and will also greatly simplify the scoring process. Mr. Imming noted that programming of the proposed automated AHP system would be much easier for Bank staff as well. He noted that the language of the homeless criterion had been modified slightly in response to a suggestion from Internal Audit staff to clarify the scoring under this factor. Two scoring items, youth education programs and transportation, have been removed from the empowerment scoring criterion in response to exam concerns. He advised the AHAC that three factors, economic diversity, infill development, rural employment related housing need and high-cost to develop rural areas, have been removed from the list of eligible scoring factors under AHAC members and staff reviewed the proposed provisions for the Bank's first district priority. At the request of the AHAC Mr. Imming reviewed the list of all factors eligible under the regulations for the first district priority. The AHAC and Bank staff then reviewed the factors included in the proposed AHP IP. Four of the criteria included in the draft plan were retained from the previous year's AHP IP: special needs, member financial participation, rural and first-time homebuyers. The proposed IP did not modify the points assigned or the scoring methodology of any of these items except for member financial participation. In response to the FHFB exam preliminary findings, the scoring of this factor no longer limits credit to participation on the part of the FHLB member submitting the AHP application. During discussion of the special needs factor the AHAC recommended that the visible criterion be eligible for a maximum of one point if that were the only applicable special needs factor proposed in an application. The AHAC and staff discussed the two additional items added to the list of factors eligible for credit under district priority one: community involvement and infill. These were added to the proposed AHP IP using the language of the regulation. The additions were made in order to offset changes resulting from exam findings in the community stability and district priority two scoring criteria. The AHAC suggested that the maximum points

available for the community involvement criterion be increased from the 10 points shown in the draft to 12.5 points.

The AHAC discussed the 2007 AHP IP second district priority. The proposed IP did not include any proposed second district priority language. Mr. Imming advised the AHAC that the provisions of the previous year's second district priority had been questioned during the course of the 2006 AHP exam. As a result, a new priority needed to be drafted. He reported that guidance provided in the Finance Board exam memo allowed for multiple second district priorities but that each had to be worth the maximum allowable for the second district priority and that applications could be credited under no more than one item. After an extended discussion the AHAC recommended that the following be adopted as the second district priority for the 2007 AHP IP:

Applications will be awarded up to 5 points under the following criterion as the Bank's second district priority: a. Financial Support: Financing from one or more of the following sources: HUD housing programs including HUD HOME and HUD CDBG, Emergency Shelter Block Grant Program, Native American Housing Self Determination Act and USDA Housing and Rural Development Programs. b. Support Services: Commitment to provide two or more of the following support services: health services, congregate meal site, case management, youth education programs, credit counseling, nutrition and transportation. c. Employment Related Housing Needs: Projects addressing one or more of the following: farm worker housing, employer assisted housing, or housing needs in non-metropolitan communities due to economic or employment growth. d. Housing for Large Families: Projects committed to providing 50 percent or more the projects units in the form of housing with three or more bedrooms. Applications may receive points in only one second district priority category. A minimum of 20 percent of the projects units or households must benefit from the commitments made in this priority in order to be credited under any of the four factors.

As part of the discussion of the second district priority the AHAC suggested reducing the maximum points for the Empowerment criterion from the 10 points shown in the draft to 7.5 points. At the conclusion of the discussion of scoring items the AHAC requested staff's assistance in analyzing the impact of the changes on various types of projects such as rural vs. urban and homeowner vs. rental.

Mr. Imming reported to the AHAC that the proposed IP includes language that contains AHP regulation provisions concerning revolving loan funds and loan pools. Should the AHAC and board decide not to exercise the discretion given in this area these sections can be eliminated in the future. Revolving loan funds and loan pools are subject to competing for AHP funding under the same scoring system as other projects. The Bank will need to develop policies and procedures separate from the IP addressing these uses for successful loan fund and loan pool applicants. He also noted that the monitoring provisions of the proposed IP had been drafted to retain the current monitoring processes and requirements established by the Bank. The new regulations may allow for additional flexibility in this area. Until the FHFB's expectation as to monitoring under the new rule becomes clear Bank staff suggests retaining the current processes to the greatest extent possible consistent with the requirements of the new regulations. He

advised the AHAC that this is another area that may need to be revisited as provisions and interpretations of the new regulations are understood.

The AHAC approved a motion to recommend that the HCD committee approve the December 18, 2006, version of the draft 2007 AHP Implementation Plan with the following revisions:

- Reduction of draft maximum points for Empowerment from 10 to 7.5.
- Increase of maximum points possible for the Community Involvement criterion of district priority one from 10 to 12.5
- Definition of district priority two to include the following factors: Financial Support, Support Services, Employment related Housing and Housing for Large Families.
- Correction of minor typographical errors and omissions.

The AHAC approved a motion to recommend board HCD committee approval of the draft 2007 Community Lending Plan to the board HCD committee.

The AHAC elected Mr. Maroney of Omaha, Nebraska as chair and Ms. Bailey of Wichita, Kansas as vice chair of the AHAC for 2007. Mr. Imming noted that Ms. Davidson and Mr. Brierre are replaced on the AHAC by Mr. Major, Vintage Housing, Tulsa and Ms. Suzanne Anarde of Fowler, Colorado.

There being no other business to come before the AHAC, the meeting was adjourned at 5 p.m. (CST).

The joint meeting of the AHAC with the board of director's Housing and Community Development Committee (HCD) began at 8 a.m. (CST) on December 19, 2006, at the Intercontinental Hotel in Kansas City, Missouri. Ms. Davidson presided over the meeting and Mr. Imming acted as secretary.

2006 AHAC members present:

Jo Ellen Davidson, Chair
Rich Brierre, Vice Chair
Michael Avery
June Bailey
David Herlinger
Michael Maroney
Roger Nadrchal
Joe Rowan
Dena Sherrill
Duke Tsoodle
Vicky Dayton

2006 AHAC members absent:

Becky Christoffersen

2007 AHAC members present:

Bill Major

Housing and Community Development Committee members present:

Lindel E. Pettigrew, Chair
Harley D. Bergmeyer
Steven D. Hogan
Thomas H. Olson
William R. Robbins

Others present:

Andrew J. Jetter, President and CEO
Mark E. Yardley, Executive Vice President and CFO
David S. Fisher, Executive Vice President and COO
Bradley P. Hodges, Senior Vice President
Christopher J. Imming, First Vice President
Eric Haar, Vice President Government Relations
Tad Kramar, Assistant Vice President, Assistant General Counsel and Assistant Secretary

Mr. Brierre reviewed the discussion and action of the previous day's meeting of the AHAC including the AHP IP. He explained that a revised draft AHP IP was presented prior to the start of the AHAC meeting. He noted that the revised draft reformatted the draft provided in the AHAC and board materials into a more concise format but did not change policies or procedures included in the draft with the exception of three AHP eligibility related items. All three changes were made in response to 2006 FHFB AHP exam issues. The draft IP provisions concerning Bank prohibition of applications for completed projects and the requirement that 50 percent of previously approved funds be expended before another application from the same project is considered were removed from the IP draft. The draft language concerning the \$450,000 limit on any project request was simplified. The 2007 proposed AHP IP was drafted to be in conformance with the new AHP regulations that become effective in 2007 and to respond to issues cited by the FHFB in the preliminary results of 2006 AHP exam as well as observations made by the Bank's Internal Audit department in its most recent AHP audit report. He reported that the AHAC had discussed the proposed IP in detail especially the scoring portions of the plan. He reported that the AHAC approved a motion to recommend board HCD committee approval of the December 18 draft 2007 AHP Implementation Plan amended as follows:

- Reduction of draft maximum points for Empowerment from 10 to 7.5.
- Increase of maximum points possible for the Community Involvement criterion of district priority one from 10 to 12.5.
- Definition of district priority two to include the following factors: Financial Support, Support Services, Employment Related Housing and Housing for Large Families.
- Correction of minor typographical errors and omissions.

Mr. Brierre noted that in addition to the scoring changes, highlights of the proposed AHP IP include: increasing the number of RFHP offerings from two to three; removing the cost reasonableness guidelines, e.g. the 15 percent minimum front ratio from the RFHP/TOP revolving loan funds and loan pools as AHP eligible uses subject to board approval of specific policies and procedures; and retaining the Bank's current AHP monitoring processes

The AHAC and HCD committee members discussed various aspects of the AHP and its set-aside programs. The AHAC members expressed interest in any effort the staff could make to explore the potential impacts of the revised scoring described in the plan including the impact on various types of applications. Mr. Brierre noted that a subcommittee of AHAC members will work on the necessary policies and procedures required by the new regulations that will govern the involvement of loan pools and revolving loan funds in the AHP. Board members expressed interest in clarifying the first-time homebuyer terms in the IP. The AHAC and board members also discussed expanding the eligibility for the set-aside programs beyond just first-time homebuyers.

Mr. Brierre also reported that the AHAC approved a motion to recommend approval of the draft 2007 CLP to the HCD committee. The 2007 plan is essentially unchanged from the 2006 plan with the primary change being an increase in JOBS funding from \$1 million to \$1.25 million.

Mr. Brierre also noted that the AHAC had elected Mr. Maroney of Omaha, Nebraska chair and Ms. Bailey of Wichita, Kansas as vice-chair of the AHAC for 2007. He reported that Ms. Davidson and Mr. Brierre are replaced by Mr. Major of Tulsa, Oklahoma and Ms. Anarde of Fowler, Colorado.

Eric Haar made a presentation to the AHAC and committee on the Bank's congressional outreach activities. He reported on the various events and contacts that occurred in 2006 to date as well as events planned for the near future. Future events include check presentations of the rural homeownership grants in Kansas and Colorado. He also reported on the status of the GSE legislation that has been pending before Congress for some time. The impact of the changes resulting from the most recent election was discussed with the AHAC including potential housing grant funding associated with the GSE legislation. Mr. Haar also reported on the potential issues associated with the Farm Credit systems proposed New Horizons initiative being considered as part of the farm bill under discussion in the new Congress.

There being no other business for the joint meeting of the AHAC and HCD, the meeting was adjourned at 9:30 a.m. (CST)

Respectfully submitted by:

Christopher J. Imming, FVP, Housing and Community Development

Approved by:

Michael Maroney, 2007 Chair

Appendix B
2006 AHP
Project Descriptions

Homeowner Project Descriptions – 2006 Round 1

Colorado

FHLBank Member: Vectra Bank Colorado, NA, Denver
Name of Project: Statewide Down payment and Closing Cost Assistance
Project Location: Scattered Sites in Colorado
Non Profit Sponsor: Colorado Housing Enterprises
Amount of subsidy: \$450,000
Number of units: 129
Total Development Costs: \$21,791,500
Type of project: New construction/purchase of existing units
Owner or Rental: Owner
Income Level Targeted: 58.91% VLI; 41.09% at or below 80% AMI
Special Needs: 20.16% special needs
Rural: 55%
First-time Homebuyer: 100%
Other Funding Sources: HOME funds, corporate contributions, foundation grants and cash grants

Kansas

FHLBank Member: Capital City Bank, Topeka
Name of Project: Topeka Habitat for Humanity
Project Location: Topeka
Non Profit Sponsor: Topeka Habitat for Humanity
Amount of subsidy: \$50,000
Number of units: 10
Total Development Costs: \$700,000.00
Type of project: New Construction
Owner or Rental: Owner
Income Level Targeted: 70% VLI; 30% at or below 60% AMI
Special Needs: 20% special needs
Rural: No
First-time Homebuyer: 100%
Other Funding Sources: Donation of land, corporate contributions, reduced cost materials and cash grants

FHLBank Member: Capitol Federal Savings Bank, Topeka
Name of Project: Lawrence Community Land & Housing Trust Homes
Project Location: Lawrence, KS
Non Profit Sponsor: Tenants to Homeowners
Amount of subsidy: \$150,000
Number of units: 15
Total Development Costs: \$2,065,000
Type of project: New construction
Owner or Rental: Owner
Income Level Targeted: 86.67% VLI; 13.33% at or below 60% AMI;
Special Needs: 33% special needs
Rural: None
First-time Homebuyer: 100%
Other Funding Sources: City of Lawrence fee waivers, donation of land, reduced cost services

FHLBank Member: Commerce Bank and Trust, Topeka
Name of Project: 2006 Emporia Homebuyer and Repair
Project Location: Emporia
Non Profit Sponsor: City of Emporia

Amount of subsidy: \$215,000
Number of units: 65
Total Development Costs: \$2,515,000
Type of project: purchase/rehab
Owner or Rental: Owner
Income Level Targeted: 69.23% VLI; 15.38% at or below 60% AMI; 15.38% at or below 70% AMI
Special Needs: 20% elderly and special needs
Rural: 100%
First-time Homebuyer: 61.54%
Other Funding Sources: City of Emporia fee waivers, HOME funds

FHLBank Member: Emprise Bank, Wichita
Name of Project: Home Repair 2006
Project Location: Scattered Sites, KS
Non Profit Sponsor: Mennonite Housing Rehabilitation Services, Inc.
Amount of subsidy: \$180,000
Number of units: 60
Total Development Costs: \$600,000
Type of project: Rehabilitation
Owner or Rental: Owner
Income Level Targeted: 100% VLI
Special Needs: 100% elderly and special needs
Rural: 25%
First-time Homebuyer: No
Other Funding Sources: City of Wichita tax abatement, City of Wichita HOME & CDBG funds, private contributions and foundation grants

FHLBank Member: Farmers Bank & Trust, NA, Great Bend
Name of Project: Farmers First Home
Project Location: Scattered Sites in Kansas
Non Profit Sponsor: Housing Opportunities, Inc.
Amount of subsidy: \$400,000
Number of units: 100
Total Development Costs: \$9,370,000
Type of project: New construction, purchase and rehabilitation
Owner or Rental: Owner
Income Level Targeted: 80% VLI; 20% at or below 60% AMI
Special Needs: No
Rural: 100%
First-time Homebuyer: 100%
Other Funding Sources: SHOP grant, tax abatement and USDA leveraged loans

FHLBank Member: First National Bank of Hutchinson
Name of Project: Homeowner Occupied Repair & Rehabilitation
Project Location: Scattered Sites in Hutchinson
Non Profit Sponsor: Interfaith Housing Services, Inc.
Amount of subsidy: \$135,000
Number of units: 45
Total Development Costs: \$215,826.00
Type of project: Rehabilitation
Owner or Rental: Owner
Income Level Targeted: 100% VLI
Special Needs: 56% elderly and special needs
Rural: 100%
First-time Homebuyer: No

Other Funding Sources: Cash grants, corporate contributions and foundation grants

FHLBank Member: Girard National Bank
Name of Project: Eastern Kansas First Home
Project Location: Scattered Sites
Non Profit Sponsor: Homestead Affordable Housing, Inc.
Amount of subsidy: \$450,000.00
Number of units: 120
Total Development Costs: \$9,739,500
Type of project: Purchase of existing homes, rehabilitation and new construction
Owner or Rental: Owner
Income Level Targeted: 80% VLI; 20% at or below 60% AMI
Special Needs: 20% special needs and elderly
Rural: 100%
First-time Homebuyer: 100%
Other Funding Sources: Fee waivers and USDA leveraged loans

FHLBank Member: Intrust Bank, N.A., Wichita
Name of Project: Wichita Habitat for Humanity, Inc.
Project Location: Scattered Sites in Wichita
Non Profit Sponsor: Wichita Habitat for Humanity
Amount of subsidy: \$84,000
Number of units: 14
Total Development Costs: \$796,762
Type of project: New Construction
Owner or Rental: Owner
Income Level Targeted: 100% VLI
Special Needs: No
Rural: No
First-time Homebuyer: 100%
Other Funding Sources: HOME funds, donation of land, reduced cost materials, foundation grant

FHLBank Member: Valley View State Bank, Overland Park
Name of Project: Heartland 2007
Project Location: Scattered Sites in Kansas
Non Profit Sponsor: Kaw Valley Habitat for Humanity
Amount of subsidy: \$140,000
Number of units: 20
Total Development Costs: \$1,850,000
Type of project: New construction
Owner or Rental: Owner
Income Level Targeted: 95% VLI; 5% at or below 60% AMI
Special Needs: No
Rural: No
First-time Homebuyer: No
Other Funding Sources: Donation of land, CDBG/HOME, fee waivers, corporate contributions and foundation grants

Nebraska

FHLBank Member: Madison County Bank
Name of Project: Meadow Ridge DPA
Project Location: Norfolk, NE
Non Profit Sponsor: Elkhorn Valley Community Development Corp.

Amount of subsidy: \$60,000
 Number of units: 16
 Total Development Costs: \$1,947,200
 Type of project: New Construction
 Owner or Rental: Owner
 Income Level Targeted: 37.5% VLI; 43.75% at or below 60% 18.75% at or below 70% AMI
 Special Needs: No
 Rural: Yes
 First-time Homebuyer: 50%
 Other Funding Sources: Cash grants, HOME funds, reduced cost materials

Oklahoma

FHLBank Member: First United Bank & Trust Co., Durant
 Name of Project: Mutual Self-Help Housing Developer Subsidy
 Project Location: Scattered Sites in Oklahoma
 Non Profit Sponsor: Little Dixie Community Action Agency
 Amount of subsidy: \$110,500
 Number of units: 34
 Total Development Costs: \$2,295,000
 Type of project: New construction
 Owner or Rental: Owner
 Income Level Targeted: 100% VLI
 Special Needs: 21% special needs
 Rural: 100%
 First-time Homebuyer: 100%
 Other Funding Sources: HOME funds and USDA leveraged loans

Colorado

FHLBank Member: Bank of Colorado, Ft Collins
 Name of Project: Calling Mesa County Home
 Project Location: Scattered Site, CO
 Non Profit Sponsor: Grand Junction Housing Authority
 Amount of Subsidy: \$75,000
 Number of Units: 25
 Total Development Costs: \$3,316,500
 Type of project: Purchase of existing units/new construction
 Owner or Rental: Homeowner
 Income Level Targeted: 20% VLI; 40% at or below 60% AMI; 20% at or below 70% AMI; 20% at or below 80% AMI
 Special Needs: 20% special needs
 Rural: N/A
 First-time Homebuyer: 100%
 Other Funding Sources: Cash grant, foundation grant, Section 8 Homeownership and corporate contributions

FHLBank Member: Guaranty Bank & Trust Co, Denver
 Name of Project: The Crossing
 Project Location: Denver, CO
 Non Profit Sponsor: Denver Rescue Mission
 Amount of Subsidy: \$450,000
 Number of Units: 91
 Total Development Costs: \$4,545,457
 Type of project: Rehabilitation of existing units

Owner or Rental: Rental
 Income Level Targeted: 89% VLI; 5.50% at or below 60% AMI 3% at or below 70% AMI
 2% at or below 80% AMI
 Special Needs: 100% Homeless, special needs and elderly
 Rural: N/A
 First-time Homebuyer: N/A
 Other Funding Sources: Corporate contributions, foundation grants and private donations

FHLBank Member: The State Bank, La Junta
 Name of Project: Mountain View Apartments
 Project Location: La Junta, CO
 Non Profit Sponsor: Tri-County Housing, Inc
 Amount of Subsidy: \$75,000
 Number of Units: 20
 Total Development Costs: \$2,208,900
 Type of project: New construction
 Owner or Rental: Rental
 Income Level Targeted: 70% VLI; 25% at or below 60% AMI
 Special Needs: 75% special needs
 Rural: 100%
 First-time Homebuyer: N/A
 Other Funding Sources: HUD 811, CDOH HOME funds and Neighborhood Works grant

FHLBank Member: United Western Bank, Denver
 Name of Project: Dakota Manor
 Project Location: Devils Lake, North Dakota
 Non Profit Sponsor: Housing Alternatives, Inc.
 Amount of Subsidy: \$100,000
 Number of Units: 24
 Total Development Costs: \$2,173,095
 Type of project: Purchase of existing units/rehabilitation
 Owner or Rental: Rental
 Income Level Targeted: 100% VLI
 Special Needs: N/A
 Rural: 100%
 First-time Homebuyer: N/A
 Other Funding Sources: USDA financing, corporate contributions, tax abatement

FHLBank Member: United Western Bank, Denver
 Name of Project: Gilbertson/Firehouse Apartments
 Project Location: Devils Lake, North Dakota
 Non Profit Sponsor: Housing Alternatives, Inc.
 Amount of Subsidy: \$233,432
 Number of Units: 40
 Total Development Costs: \$3,700,955
 Type of project: Rehabilitation
 Owner or Rental: Rental
 Income Level Targeted: 25% VLI; 75% at or below 60% AMI
 Special Needs: N/A
 Rural: 100%
 First-time Homebuyer: N/A
 Other Funding Sources: USDA financing, corporate contributions and tax abatement

FHLBank Member: Vectra Bank Colorado, NA, Farmington, NM
 Name of Project: Mesa County Self-Help Homeownership Program
 Project Location: Scattered Site, CO
 Non Profit Sponsor: Housing Resources of Western Colorado
 Amount of Subsidy: \$250,000
 Number of Units: 50
 Total Development Costs: \$7,500,000
 Type of project: New Construction
 Owner or Rental: Homeowner
 Income Level Targeted: 80% VLI, 20% at or below 60% AMI
 Special Needs: N/A
 Rural: 100%
 First-time Homebuyer: 100%
 Other Funding Sources: Tax abatement, donation of land and USDA financing

Kansas

FHLBank Member: Bank of Commerce, Chanute
 Name of Project: Chetopa Affordable Homes
 Project Location: Chetopa, KS
 Non Profit Sponsor: City of Chetopa
 Amount of Subsidy: \$50,000
 Number of Units: 10
 Total Development Costs: \$741,460
 Type of project: New construction
 Owner or Rental: Homeowner
 Income Level Targeted: 90% VLI, 10% at or below 60% AMI
 Special Needs: N/A
 Rural: 100%
 First-time Homebuyer: 90%
 Other Funding Sources: Donation of land, infrastructure, tax abatement and fee waivers

FHLBank Member: Capital City Bank, Topeka
 Name of Project: McKinley Apartments
 Project Location: Clay Center, KS
 Non Profit Sponsor: Community Action, Inc.
 Amount of Subsidy: \$365,000
 Number of Units: 14
 Total Development Costs: \$960,188
 Type of project: Rehabilitation
 Owner or Rental: Rental
 Income Level Targeted: 85.71% VLI; 14.29% at or below 80% AMI
 Special Needs: 21% special needs and elderly
 Rural: 100%
 First-time Homebuyer: No
 Other Funding Sources: CDBG funds, HOME funds

FHLBank Member: Commerce Bank and Trust, Topeka
 Name of Project: Another 40 Years - Lawrence
 Project Location: Lawrence, KS
 Non Profit Sponsor: The Villages Inc.
 Amount of Subsidy: \$160,000

Number of Units: 23
Total Development Costs: \$294,736
Type of project: Rehabilitation
Owner or Rental: Rental
Income Level Targeted: 100% VLI
Special Needs: 100% Group home beds
Rural: N/A
First-time Homebuyer: N/A
Other Funding Sources: Foundation grants and private donations

FHLBank Member: Commerce Bank and Trust, Topeka
Name of Project: Another 40 Years - Topeka
Project Location: Topeka, KS
Non Profit Sponsor: The Villages, Inc.
Amount of Subsidy: \$450,000
Number of Units: 57
Total Development Costs: \$1,162,724
Type of project: Rehabilitation
Owner or Rental: Rental
Income Level Targeted: 100% VLI
Special Needs: 100% Group home beds
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: Corporate contributions, private donations and foundation grants

FHLBank Member: Intrust Bank, Wichita
Name of Project: Kinloch Price Boys Ranch
Project Location: Wichita, KS
Non Profit Sponsor: Youth Horizons, Inc.
Amount of Subsidy: \$450,000
Number of Units: 20
Total Development Costs: \$1,259,375
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 65% VLI; 5% at or below 60% AMI; 20% at or below 80% AMI
Special Needs: 89% Homeless, SROs and group home beds
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: Private donations, foundation grants

FHLBank Member: RelianzBank, Wichita
Name of Project: Madison Avenue
Project Location: Wichita, KS
Non Profit Sponsor: Mennonite Housing Rehabilitation Services Inc.
Amount of Subsidy: \$144,000
Number of Units: 36
Total Development Costs: \$5,385,500
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 22% VLI; 78% at or below 60% AMI
Special Needs: 100% special needs
Rural: N/A
First-time Homebuyer: N/A

Other Funding Sources: Tax Abatement, HOME Funds, Fee Waivers

FHLBank Member: TeamBank National Association, Paola
Name of Project: Parsons Affordable Homes
Project Location: Parsons, KS
Non Profit Sponsor: City of Parsons
Amount of Subsidy: \$30,000
Number of Units: 6
Total Development Costs: \$655,776
Type of project: New construction
Owner or Rental: Homeowner
Income Level Targeted: 83.33% VLI; 16.67% at or below 60% AMI
Special Needs: No
Rural: 100%
First-time Homebuyer: 100%
Other Funding Sources: SHOP grant, USDA financing, foundation grants, CDBG

Nebraska

FHLBank Member: American National Bank, Omaha
Name of Project: First Time Homeownership Program
Project Location: Scattered Site, NE
Non Profit Sponsor: Omaha 100, Inc., Omaha
Amount of Subsidy: \$450,000
Number of Units: 113
Total Development Costs: \$10,837,200
Type of project: New construction/purchase of existing units
Owner or Rental: Homeowner
Income Level Targeted: 55.75% VLI; 35.40% at or below 60% AMI; 4.42% at or below 70% AMI;
4.42% at or below 80% AMI
Special Needs: No
Rural: N/A
First-time Homebuyer: 100%
Other Funding Sources: Foundation grant, CDBG, HOME funds, NIFA funds, Corporate contributions

FHLBank Member: American National Bank, Omaha
Name of Project: Heartland Homes
Project Location: Omaha-Council Bluffs
Non Profit Sponsor: HFS Council Bluffs
Amount of Subsidy: \$75,000
Number of Units: 16
Total Development Costs: \$2,385,000
Type of project: New Construction
Owner or Rental: Rental
Income Level Targeted: 100% VLI
Special Needs: 100% homeless and special needs
Rural: No
First-time Homebuyer: N/A
Other Funding Sources: LIHTC, HOME funds, corporate contributions, foundation grant and emergency shelter grant

FHLBank Member: American National Bank, Omaha

Name of Project: Mosaic Housing Corporation XV
 Project Location: Council Bluffs, IA
 Non Profit Sponsor: Mosaic
 Amount of Subsidy: \$80,000
 Number of Units: 14
 Total Development Costs: \$1,549,508
 Type of project: Purchase of existing units/rehabilitation
 Owner or Rental: Rental
 Income Level Targeted: 76.92% VLI; 23.08% at or above 80%
 Special Needs: 100% special needs
 Rural: N/A
 First-time Homebuyer: No
 Other Funding Sources: Corporate contribution, HOME funds, foundation grants

FHLBank Member: First National Bank of Omaha
 Name of Project: FirstDown NE IV
 Project Location: Scattered Site, NE
 Non Profit Sponsor: Nebraska Housing Developers Assn.
 Amount of Subsidy: \$440,000
 Number of Units: 110
 Total Development Costs: \$8,507,550
 Type of project: Purchase of existing units
 Owner or Rental: Homeowner
 Income Level Targeted: 65.45% VLI; 25.45% at or below 60% AMI; 5.45% at or below 70% AMI; 3.64% at or below 80%
 Special Needs: 20% Special needs and elderly
 Rural: 85%
 First-time Homebuyer: 100%
 Other Funding Sources: HOME funds, foundation grant, corporate contributions and cash grants

FHLBank Member: Horizon Bank, Waverly
 Name of Project: Apache Camp III
 Project Location: Apache, OK
 Non Profit Sponsor: Housing Authority of the Apache Tribe of Oklahoma
 Amount of Subsidy: \$450,000
 Number of Units: 24
 Total Development Costs: \$2,387,388
 Type of project: New Construction
 Owner or Rental: Rental
 Income Level Targeted: 29.17% VLI; 70.83% at or below 60% AMI
 Special Needs: 100% Elderly and special needs
 Rural: 100%
 First-time Homebuyer: N/A
 Other Funding Sources: Tax abatement, donation of land and USDA financing

FHLBank Member: Horizon Bank, Waverly
 Name of Project: CenterView Place, LLC
 Project Location: Smith Center, KS
 Non Profit Sponsor: Northwest Kansas Housing, Inc.
 Amount of Subsidy: \$41,028
 Number of Units: 10
 Total Development Costs: \$1,281,557

Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 40% VLI; 60% at or below 60% AMI
Special Needs: 80% special needs
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: HOME funds, donation of land

FHLBank Member: Horizon Bank, Waverly
Name of Project: SSCNE, LP
Project Location: South Sioux City, NE
Non Profit Sponsor: Midwest Housing Equity Group, Inc.
Amount of Subsidy: \$300,000
Number of Units: 24
Total Development Costs: \$3,349,658
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 62.50% VLI; 37.50% at or below 60% AMI
Special Needs: 100% special needs
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: Cash grant and donation of land

FHLBank Member: Horizon Bank, Waverly
Name of Project: Woodland Park Townhomes, LLC
Project Location: Grand Island, NE
Non Profit Sponsor: Midwest Housing Initiatives, Inc.
Amount of Subsidy: \$182,000
Number of Units: 28
Total Development Costs: \$3,962,220
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 50% at VLI; 50% at or below 60%
Special Needs: 100% elderly
Rural: N/A
First-time Homebuyer: N/A
Other Funding Sources: HOME funds, donation of land, reduced cost services and infrastructure improvements

FHLBank Member: Horizon Bank, Waverly
Name of Project: Yorktowne Estates, LLC
Project Location: York, NE
Non Profit Sponsor: Midwest Housing Initiatives, Inc.
Amount of Subsidy: \$100,000
Number of Units: 18
Total Development Costs: \$2,654,121
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 50% VLI; 50% at or below 60% AMI
Special Needs: 100% Elderly
Rural: 100%
First-time Homebuyer: No
Other Funding Sources: HOME funds, reduced cost services and infrastructure improvements

Oklahoma

FHLBank Member: BancFirst, Oklahoma City
Name of Project: Central OK HFH 2007 Building Year
Project Location: Oklahoma City
Non Profit Sponsor: Central Oklahoma Habitat for Humanity
Amount of Subsidy: \$450,000
Number of Units: 45
Total Development Costs: \$3,370,825
Type of project: New construction
Owner or Rental: Homeowner
Income Level Targeted: 86.67% VLI; 13.33% at or below 60% AMI
Special Needs: N/A
Rural: 2%
First-time Homebuyer: 100%
Other Funding Sources: Corporate contributions, cash grants, HOME funds from CAA

FHLBank Member: BancFirst, Oklahoma City
Name of Project: Heavener Affordable Housing LP
Project Location: Ft Smith, Arkansas
Non Profit Sponsor: Ki Bois Community Action Foundation
Amount of Subsidy: \$424,365
Number of Units: 30
Total Development Costs: \$4,024,063
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 50% VLI; 50% at or below 60% AMI
Special Needs: 20% special needs
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: Reduced cost services or materials and Infrastructure improvements

FHLBank Member: Bank of Oklahoma NA, Tulsa
Name of Project: Columbia Square Apartments
Project Location: Lawton, OK
Non Profit Sponsor: Mercy Properties
Amount of Subsidy: \$247,121
Number of Units: 64
Total Development Costs: \$8,109,461
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 100% VLI
Special Needs: No
Rural: N/A
First-time Homebuyer: N/A
Other Funding Sources: Cash grants, donation of land and CDBG funds

FHLBank Member: Bank of Oklahoma, Tulsa
Name of Project: The Pines
Project Location: Broken Bow, OK
Non Profit Sponsor: Volunteers of America National Services

Amount of Subsidy: \$250,000
Number of Units: 64
Total Development Costs: \$6,217,870
Type of project: Rehabilitation
Owner or Rental: Rental
Income Level Targeted: 60.94% VLI; 39.06% at or below 80% AMI
Special Needs: N/A
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: Permit & fee waivers and volunteer labor

FHLBank Member: Bank of Oklahoma, Tulsa
Name of Project: White Sands Village Phase II
Project Location: Scattered Sites, New Mexico
Non Profit Sponsor: Pueblo of Pojoaque Housing Corp
Amount of Subsidy: \$310,000
Number of Units: 20
Total Development Costs: \$2,706,462
Type of project: New construction
Owner or Rental: Rental
Income Level Targeted: 60% VLI; 40% at or below 60% AMI
Special Needs: 100% visitable
Rural: 100%
First-time Homebuyer: N/A
Other Funding Sources: HOME funds, infrastructure, tax exemption

FHLBank Member: The First NB&T Co. of Miami
Name of Project: Miami Homeownership and Housing Rehabilitation
Project Location: Scattered Site, OK
Non Profit Sponsor: City of Miami, Oklahoma
Amount of Subsidy: \$215,000
Number of Units: 65
Total Development Costs: \$2,714,000
Type of project: Purchase of existing homes, rehabilitation
Owner or Rental: Homeowner
Income Level Targeted: 69.23% VLI; 15.38% at or below 60% AMI; 15.38% at or below 70%
Special Needs: 38.46% elderly
Rural: 100%
First-time Homebuyer: 61.54%
Other Funding Sources: Corporate contributions, private donations and CDBG funds

Appendix C

2005 JOBS

Project Descriptions

2006 JOBS Applications APPROVED

JOBS				Project	JOBS	
Number	Member Name	Member City, State	Project Name	Project City	State	Requested
046	Farmers and Merchants Bank	Milligan, NE	Evening With Friends Restaurant	Milligan	NE	\$25,000
041	* Thunder Bank	Sylvan Grove, KS	Four Rivers Development, Inc. City of Sylvan Grove Business Development Fund	Sylvan Grove	KS	\$25,000
079	Elk State Bank	Clyde, KS	Clyde Economic Development - Downtown Revitalization	Clyde	KS	\$25,000
017	Farmers & Merchants State Bank	Cawker City, KS	Four Rivers Development, Inc. City of Cawker City Business Development Fund	Cawker City	KS	\$25,000
050	Bank of Commerce	Chelsea, OK	Rogers County Industrial Development Authority (RCIDA) - Green Country BioDiesel	Chelsea	OK	\$25,000
015	Southwest National Bank	Weatherford, OK	Weatherford Hospital Authority	Weatherford	OK	\$25,000
054	First National Bank in Ord	Ord, NE	Loup Valley Jobs through Entrepreneurship Project	Ord	NE	\$25,000
012	* First National Bank of Friend	Friend, NE	Friend Bowling Alley	Friend	NE	\$25,000
065	Stroud National Bank	Stroud, OK	Stroud Habitat for Humanity, Inc.	Stroud	OK	\$25,000
086	* Spirit Bank	Tulsa, OK	Bristow Chamber of Commerce CBD Facade Improvements & Community Betterment	Bristow	OK	\$25,000
040	TierOne Bank	Lincoln, NE	ABLE: Advocating for Business Labor Education	Lexington	NE	\$25,000
024	Guaranty State Bank	Beloit, KS	Four Rivers Development, Inc. City of Jewell Business Development Fund	Jewell	KS	\$25,000
078	The Tri-County Bank	Stuart, NE	Village of Stuart Revolving Loan Fund	Stuart	NE	\$25,000
095	Otoe County Bank & Trust Company	Nebraska City, NE	Southeast Nebraska EDGE Coalition	Tecumseh	NE	\$6,000
014	* Bank of the Valley	Bellwood, NE	Home Town Competitiveness (HTC)	David City	NE	\$25,000
060	American Heritage Bank	Sapulpa, OK	Sapulpa Area Chamber Foundation	Sapulpa	OK	\$25,000
074	1st Bank and Trust	Broken Bow, OK	Broken Bow Main Street's Downtown Micro Loan Improvement Fund	Broken Bow	OK	\$25,000
035	* McCook National Bank	McCook, NE	Keystone Technology Center	McCook	NE	\$25,000
052	Citizens Bank of Ada	Ada, OK	Ada Industrial Development Corporation	Ada	OK	\$25,000
028	First National Bank Northeast	Lyons, NE	Nebraska Microenterprise Partnership Fund	statewide	NE	\$25,000
083	* Citizens State Bank & Trust Co.	Ellsworth, KS	City of Ellsworth Downtown Revitalization Plan and Study	Ellsworth	KS	\$25,000
029	State Bank of Delphos	Delphos, KS	Meadowlark Academy	Delphos	KS	\$25,000
003	Union State Bank	Arkansas City, KS	Cowley First	Winfield	KS	\$25,000
033	* The Stockton National Bank	Stockton, KS	* Rooks County Economic Development - Business Development Lab & fund Micro Loan Pool	Stockton	KS	\$25,000
094	Bank of Oklahoma, N.A.	Tulsa, OK	Tulsa Economic Development Corporation JOBS Loan Pool	Tulsa	OK	\$25,000
013	* First National Bank, Vinita	Vinita, OK	* Vinita Economic Development	Vinita	OK	\$25,000
001	Farmers State Bank	McPherson, KS	McPherson Opera House Company	McPherson	KS	\$25,000
102	* First National Bank and Trust Co. of Miami	Miami, OK	Miami Downtown Design Studio	Miami	OK	\$25,000
075	Vectra Bank	Denver, CO	Colorado Enterprise Fund Microloan Program	statewide	CO	\$25,000

055	First National Bank & Trust Co. of Junction City	Junction City, KS	Herington Economic Development Corporation	Herington South Sioux City	KS	\$15,000
007	Siouxland National Bank * First National Bank and Trust Co. of Shawnee	South Sioux City, NE	BPI, Inc.	South Sioux City	NE	\$25,000
043		Shawnee, OK	* Citizen Potawatomi Community Development Corporation	Shawnee	OK	\$25,000
019	The Citizens National Bank	Greenleaf, KS	Four Rivers Development, Inc. Washington County Business Development Fund	Linn	KS	\$25,000
099	* Thayer County Bank	Hebron, NE	* Invest Nebraska Corporation	statewide	NE	\$25,000
006	Adams County Bank	Kenesaw, NE	Kenesaw Market, LLC	Kenesaw	NE	\$25,000
072	* Commerce Bank & Trust	Topeka, KS	* Antioch Family Life Center, Inc.	Topeka	KS	\$25,000
097	First State Bank of Healy	Healy, KS	Smokey Hill Creation, LLC	Healy	KS	\$25,000
103	Brunswick State Bank	Brunswick, NE	Unified Soy Projects, LLC	Plainview	NE	\$25,000
020	The First National Bank in Belleville	Belleville, KS	Four Rivers Development, Inc. City of Scandia Business Development Fund	Scandia	KS	\$25,000
008	Scribner Bank	Scribner, NE	Scribner Improvement and Industrial Corporation	Scribner	NE	\$25,000
016	The Bank of Tescott	Tescott, KS	Four Rivers Development, Inc. Lincoln County Business Development Fund	Lincoln	KS	\$25,000
						<u>\$996,000</u>

* member approved for JOBS funding in prior year(s)

* project approved for JOBS funding in prior year(s)

Appendix D
2006 CICA Advance Programs
Applications Approved

03/08/2007 FEDERAL HOME LOAN BANK OF TOPEKA

COMMUNITY INVESTMENT PROGRAM

CIP #	Approval Date	Docket	Proj Spec.	Member	Member City	Member State	Project City	Project State	Advance Amount (000's)	Number of Units	Cost Per Unit (000's)	Previous Orig Loans	Link To CIP	Link To AHP
06-001	01/04/2006	14862		Girard National Bank	Girard	KS	Girard	KS	190.000	0	0.000	No		
06-002	01/04/2006	14862		Girard National Bank	Girard	KS	Ryus	KS	72.000	1	72.000	Yes		
06-003	01/10/2006	17808		Prescott State Bank	Prescott	KS	Mound City	KS	43.500	1	43.500	No		
06-004	01/11/2006	52779		Farmers State Bank	Westmoreland	KS	Barneston	NE	1,000.000	0	0.000	No		
06-005	01/17/2006	11361		First National Bank & Trust Co.	Beatrice	NE	Beatrice	NE	120.000	0	0.000	No		
06-006	01/25/2006	14862		Girard National Bank	Girard	KS	Farlington	KS	250.000	1	250.000	No		
06-007	01/25/2006	52256		First Pioneer National Bank	Wray	CO	Wray	CO	525.000	0	0.000	No		
06-008	01/25/2006	14839		The Bank of Kremlin	Kremlin	OK	Minco	OK	500.000	0	0.000	No		
06-009	01/31/2006	52586		Bank of Beaver City	Beaver	OK	Balko	OK	78.400	0	0.000	No		
06-010	02/01/2006	15757		First National Bank	Texhoma	OK	Goodwell	OK	43.500	0	0.000	No		
06-011	02/01/2006	14862		Girard National Bank	Girard	KS	Frontenac	KS	165.000	0	0.000	No		
06-012	02/01/2006	9532		Republic Bank & Trust	Norman	OK	Norman	OK	350.000	0	0.000	No		
06-013	02/01/2006	2853		Del Norte Federal S&LA	Del Norte	CO	Del Norte	CO	170.000	0	0.000	No		
06-014	02/03/2006	14862		Girard National Bank	Girard	KS	Horton	KS	315.000	0	0.000	No		
06-015	02/09/2006	13628		First National Bank	Beemer	NE	West Point	NE	200.000	0	0.000	No		
06-016	02/10/2006	16687		Lyndon State Bank	Lyndon	KS	Topeka	KS	1,550.000	103	15.049	Yes		
06-017	02/13/2006	11361		First National Bank & Trust Co.	Beatrice	NE	Cortland	NE	194.000	0	0.000	Yes		
06-018	02/22/2006	14862		Girard National Bank	Girard	KS	Pittsburg	KS	400.000	0	0.000	Yes		
06-019	02/23/2006	15282		Adams County Bank	Kenesaw	NE	Hastings	NE	150.000	0	0.000	Yes		
06-020	02/24/2006	14289		BANKWEST OF KANSAS	Goodland	KS	Colby	KS	145.000	0	0.000	No		
06-021	03/01/2006	14862		Girard National Bank	Girard	KS	Haviland	KS	67.804	1	67.804	Yes		
06-022	03/01/2006	14862		Girard National Bank	Girard	KS	Haviland	KS	46.000	1	46.000	No		
06-023	03/02/2006	14396		Farmers and Merchants Bank	Milligan	NE	Milligan	NE	771.558	0	0.000	Yes		
06-024	03/02/2006	14862		Girard National Bank	Girard	KS	Prescott	KS	160.000	0	0.000	Yes		
06-025	03/03/2006	53614		Commercial National Bank	Ainsworth	NE	Ainsworth	NE	630.000	0	0.000	No		
06-026	03/08/2006	14862		Girard National Bank	Girard	KS	Frontenac	KS	200.000	0	0.000	No		
06-027	03/08/2006	13277		First State Bank	Norton	KS	Norton	KS	2,000.000	0	0.000	Yes		
06-028	03/10/2006	12004		Denison State Bank	Holton	KS	Holton	KS	2,000.000	0	0.000	No		
06-029	03/10/2006	15282		Adams County Bank	Kenesaw	NE	Grand Island	NE	196.000	0	0.000	No		
06-030	03/13/2006	52256		First Pioneer National Bank	Wray	CO	Wray	CO	140.000	1	140.000	No		
06-031	03/13/2006	9670		First Option Bank	Osawatomie	KS	Paola	KS	6,718.000	90	74.644	No		
06-032	03/13/2006	11361		First National Bank & Trust Co.	Beatrice	NE	Beatrice	NE	600.000	0	0.000	No		

03/08/2007

FEDERAL HOME LOAN BANK OF TOPEKA

COMMUNITY INVESTMENT PROGRAM

CIP #	Approval Date	Docket	Proj Spec.	Member	Member City	Member State	Project City	Project State	Advance Amount (000's)	Number of Units	Cost Per Unit (000's)	Previous Orig Loans	Link To CIP	Link To AHP
06-033	03/17/2006	14025		Great Western Bank	Omaha	NE	various	NE	23,296.000	379	61.467	No		
06-034	03/17/2006	14862		Girard National Bank	Girard	KS	Soldier	KS	73.050	0	0.000	No		
06-035	03/21/2006	14862		Girard National Bank	Girard	KS	Mulberry	KS	114.000	0	0.000	No		
06-036	03/24/2006	13539		Bennington State Bank	Salina	KS	Salina	KS	300.000	0	0.000	No		
06-037	03/28/2006	12901		Otoe County Bank & Trust Co.	Nebraska City	NE	Nebraska City	NE	1,165.000	0	0.000	Yes		
06-038	03/29/2006	52319		SAC Federal Credit Union	Omaha	NE	Omaha	NE	14,478.000	176	82.261	No		
06-039	03/29/2006	15818		The State Bank of Conway Springs	Conway Springs	KS	Goessel	KS	161.500	0	0.000	No		
06-040	03/30/2006	52256		First Pioneer National Bank	Wray	CO	Haigler	NE	260.000	0	0.000	No		
06-041	04/03/2006	15114		Lisco State Bank	Lisco	NE	Lisco	NE	100.000	0	0.000	No		
06-042	04/03/2006	11361		First National Bank & Trust Co.	Beatrice	NE	Cortland	NE	140.000	0	0.000	No		
06-043	04/03/2006	14862		Girard National Bank	Girard	KS	Marionville, MO	KS	200.000	0	0.000	Yes		
06-044	04/04/2006	13628		First National Bank	Beemer	NE	Bancroft	NE	80.000	0	0.000	No		
06-045	04/05/2006	14862		Girard National Bank	Girard	KS	Ft. Scott	KS	150.000	0	0.000	No		
06-046	04/10/2006	15476		First State Bank	Gothenburg	NE	various	NE	1,318.000	24	54.917	No		
06-047	04/10/2006	15637		Stockgrowers State Bank	Maple Hill	KS	Maple Hill	KS	1,415.000	30	47.167	No		
06-048	04/10/2006	53614		Commercial National Bank	Ainsworth	NE	Kilgore	NE	280.000	0	0.000	No		
06-049	04/11/2006	14862		Girard National Bank	Girard	KS	Coldwater	KS	53.000	1	53.000	No		
06-050	04/11/2006	12641		Union State Bank	Uniontown	KS	Fort Scott	KS	750.000	0	0.000	No		
06-051	04/13/2006	4492		Mutual Savings Association, FSA	Leavenworth	KS	Leavenworth	KS	9,263.000	117	79.171	No		
06-052	04/17/2006	8990		Kansas State Bank of Manhattan	Manhattan	KS	Manhattan	KS	6,104.503	0	0.000	Yes		
06-053	04/17/2006	14862		Girard National Bank	Girard	KS	Fort Scott	KS	68.000	0	0.000	No		
06-054	04/17/2006	14839		The Bank of Kremlin	Kremlin	OK	Kremlin	OK	80.000	0	0.000	No		
06-055	04/17/2006	53614		Commercial National Bank	Ainsworth	NE	Stapleton	NE	339.000	0	0.000	No		
06-056	04/17/2006	13697		First State Bank & Trust	Tonganoxie	KS	Tonganoxie	KS	21,272.000	222	95.820	No		
06-057	04/21/2006	11361		First National Bank & Trust Co.	Beatrice	NE	Beatrice	NE	300.000	0	0.000	No		
06-058	04/25/2006	14289		BANKWEST OF KANSAS	Goodland	KS	Goodland	KS	225.000	0	0.000	No		
06-059	04/25/2006	9266		Kirkpatrick Bank	Edmond	OK	Edmond	OK	350.000	0	0.000	No		
06-060	04/26/2006	53533		State Bank of Cairo	Cairo	NE	Cairo	NE	4,000.000	0	0.000	No		
06-061	04/27/2006	14396		Farmers and Merchants Bank	Milligan	NE	Milligan	NE	303.200	0	0.000	No		
06-062	04/28/2006	12522		Thayer County Bank	Hebron	NE	Beatrice	NE	144.072	11	13.097	No		
06-063	05/01/2006	52489		First State Bank	Randolph	NE	Randolph	NE	390.000	0	0.000	No		
06-064	05/09/2006	15839		Peoples Exchange Bank	Belleville	KS	Courtland	KS	300.000	0	0.000	No		
06-065	05/09/2006	14839		The Bank of Kremlin	Kremlin	OK	Watonga	OK	175.000	0	0.000	Yes		

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06-066	05/15/2006	14862		Girard National Bank	Girard	KS	Coldwater	KS	27.500	1	27.500	No		
06-067	05/22/2006	13686		Bank of Colorado	Fort Collins	CO	Fort Collins	CO	5,000.000	0	0.000	No		
06-068	05/24/2006	17155		Farmers & Merchants State Bank	Bloomfield	NE	Bloomfield	NE	190.000	0	0.000	No		
06-069	05/25/2006	11830		Jones National Bank and Trust Co.	Seward	NE	various	NE	8,422.000	111	75.874	No		
06-070	06/06/2006	52467		Trego-WaKeeney State Bank	WaKeeney	KS	Wichita	KS	600.000	0	0.000	No		
06-071	06/06/2006	13135		The Stockton National Bank	Stockton	KS	Wichita	KS	1,000.000	0	0.000	No		
06-072	06/08/2006	17555		Bank of Newman Grove	Newman Grove	NE	Newman Grove	NE	3,000.000	0	0.000	No		
06-073	06/12/2006	17130		First National Bank of Chadron	Chadron	NE	Lance Creek, WY	NE	192.000	0	0.000	No		
06-074	06/12/2006	17130		First National Bank of Chadron	Chadron	NE	Lance Creek, WY	NE	120.000	0	0.000	No		
06-075	06/12/2006	12842		Farmers State Bank	Quinton	OK	Stigler	OK	250.000	6	41.667	No		
06-076	06/13/2006	16113		Bank South	Tulsa	OK	Edmond	OK	1,150.000	0	0.000	No		
06-077	06/21/2006	17130		First National Bank of Chadron	Chadron	NE	Lance Creek, WY	NE	232.500	0	0.000	No		
06-078	06/23/2006	14839		The Bank of Kremlin	Kremlin	OK	Mooreland	OK	245.000	0	0.000	No		
06-079	06/29/2006	9266		Kirkpatrick Bank	Edmond	OK	Edmond	OK	272.000	0	0.000	No		
06-080	06/29/2006	14862		Girard National Bank	Girard	KS	Topeka	KS	448.000	36	12.444	No		
06-081	07/05/2006	6081		Fidelity Bank	Wichita	KS	Lawrence	KS	183.496	0	0.000	No		
06-082	07/05/2006	12451		Wahoo State Bank	Wahoo	NE	Wahoo	NE	4,307.000	48	89.729	No		
06-083	07/07/2006	10134		American National Bank	Omaha	NE	Fairbury	NE	224.000	21	10.667	Yes		
06-084	07/07/2006	14289		BANKWEST OF KANSAS	Goodland	KS	Goodland	KS	8,300.000	0	0.000	Yes		
06-085	07/12/2006	13904		The Exchange Bank	Skiatook	OK	various	OK	2,357.000	48	49.104	No		
06-086	07/13/2006	53614		Commercial National Bank	Ainsworth	NE	Bassett	NE	87.500	0	0.000	No		
06-087	07/14/2006	53307		Security State Bank	Ansley	NE	Ansley	NE	450.000	2	225.000	No		
06-088	07/14/2006	13499		Bank of Commerce	Chelsea	OK	Pryor	OK	2,600.000	0	0.000	No		
06-089	07/14/2006	14862		Girard National Bank	Girard	KS	Haviland	KS	33.000	1	33.000	No		
06-090	07/17/2006	14862		Girard National Bank	Girard	KS	Oak Hill	KS	70.000	0	0.000	Yes		
06-091	07/18/2006	13646		Conway Bank, NA	Conway Springs	KS	WaKeeney	KS	1,500.000	24	62.500	No		
06-092	07/18/2006	9440		Horizon Bank	Waverly	NE	Ogallala	NE	200.000	16	12.500	No		
06-093	07/21/2006	12772		WestStar Bank	Vail	CO	Avon	CO	2,670.000	0	0.000	No		
06-094	07/25/2006	9266		Kirkpatrick Bank	Edmond	OK	Edmond	OK	172.500	0	0.000	No		
06-095	07/26/2006	9266		Kirkpatrick Bank	Edmond	OK	Oklahoma City	OK	445.000	0	0.000	No		
06-096	07/26/2006	9767		Alva State Bank & Trust Company	Alva	OK	Medicine Lodge	KS	98.372	0	0.000	No		
06-097	07/31/2006	14862		Girard National Bank	Girard	KS	Branson West, MO	KS	260.000	0	0.000	No		
06-098	07/31/2006	9440		Horizon Bank	Waverly	NE	various	KS	300.000	12	25.000	No		

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06-099	08/01/2006	53307		Security State Bank	Ansley	NE	Ansley	NE	600.000	0	0.000	No		
06-100	08/01/2006	14839		The Bank of Kremlin	Kremlin	OK	Alva	OK	500.000	0	0.000	No		
06-101	08/14/2006	14862		Girard National Bank	Girard	KS	Coldwater	KS	25.000	1	25.000	No		
06-102	08/17/2006	17695		Heartland Community Bank	Bennet	NE	Bennet	NE	1,316.000	32	41.125	No		
06-103	08/18/2006	16962		Exchange National Bank	Moore	OK	Moore	OK	750.000	32	23.438	No		
06-104	08/18/2006	9266		Kirkpatrick Bank	Edmond	OK	Oklahoma City	OK	707.000	0	0.000	No		
06-105	08/28/2006	10803		Union Bank	Oklahoma City	OK	Moore	OK	500.000	0	0.000	No		
06-106	08/28/2006	12966		Farmers & Merchants National Bank	Ashland	NE	Ashland	NE	5,000.000	0	0.000	Yes		
06-107	08/29/2006	14862		Girard National Bank	Girard	KS	Pittsburg	KS	86.000	0	0.000	No		
06-108	08/29/2006	52256		First Pioneer National Bank	Wray	CO	Wray	CO	750.000	0	0.000	No		
06-109	08/30/2006	14862		Girard National Bank	Girard	KS	Horton	KS	138.000	0	0.000	No		
06-110	08/30/2006	9440		Horizon Bank	Waverly	NE	Chickasha	OK	300.000	48	6.250	No		
06-111	09/06/2006	13628		First National Bank	Beemer	NE	Pender	NE	265.000	0	0.000	Yes		
06-112	09/07/2006	1427		Osage Federal Bank	Pawhuska	OK	various	OK	9,143.000	154	59.370	No		
06-113	09/08/2006	52779		Farmers State Bank	Westmoreland	KS	Westmoreland	KS	570.000	0	0.000	Yes		
06-114	09/08/2006	9266		Kirkpatrick Bank	Edmond	OK	Oklahoma City	OK	1,400.000	0	0.000	No		
06-115	09/15/2006	17556		First State Bank of Healy	Healy	KS	Fort Collins	CO	1,500.000	0	0.000	Yes		
06-116	09/15/2006	52582		First Tri-County Bank	Swanton	NE	various	NE	1,000.000	0	0.000	Yes		
06-117	09/15/2006	15817		Elk State Bank	Clyde	KS	various	KS	215.900	0	0.000	No		
06-118	09/15/2006	15817		Elk State Bank	Clyde	KS	Halstead	KS	96.250	1	96.250	No		
06-119	09/19/2006	14465		First National Bank in Frankfort	Frankfort	KS	Frankfort	KS	375.000	0	0.000	No		
06-120	09/19/2006	17130		First National Bank of Chadron	Chadron	NE	Chadron	NE	127.400	0	0.000	No		
06-121	09/20/2006	9440		Horizon Bank	Waverly	NE	Seminole	OK	705.200	46	15.330	No		04B1019
06-122	09/22/2006	14862		Girard National Bank	Girard	KS	California, MO	KS	585.000	0	0.000	No		
06-123	09/25/2006	15958		Farmers & Merchants Bank of Colby	Colby	KS	Fort Collins	CO	2,000.000	0	0.000	Yes		
06-124	09/25/2006	10001		Coppermark Bank	Oklahoma City	OK	Oklahoma City	OK	11,425.000	134	85.261	No		
06-125	09/27/2006	9266		Kirkpatrick Bank	Edmond	OK	Edmond	OK	344.000	0	0.000	No		
06-126	09/27/2006	9266		Kirkpatrick Bank	Edmond	OK	Oklahoma City	OK	606.000	0	0.000	No		
06-127	09/27/2006	13515		Community National Bank	Seneca	KS	Seneca	KS	12,435.000	112	111.027	No		
06-128	09/27/2006	14396		Farmers and Merchants Bank	Milligan	NE	Norton, KS	NE	210.000	0	0.000	Yes		
06-129	09/28/2006	9767		Alva State Bank & Trust Company	Alva	OK	Kiowa	KS	208.600	0	0.000	No		
06-130	09/28/2006	9440		Horizon Bank	Waverly	NE	South Hutchinson	KS	535.000	20	26.750	No		06A1020
06-131	09/29/2006	17909		Peoples State Bank	McDonald	KS	Colby	KS	2,000.000	0	0.000	No		

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06-132	09/29/2006	17909		Peoples State Bank	McDonald	KS	Colby	KS	2,000.000	0	0.000	No		
06-133	09/29/2006	15588		1st Financial Bank	Overland Park	KS	Overland Park	KS	3,000.000	0	0.000	No		
06-134	10/02/2006	12458		The First National Bank of Clifton	Clifton	KS	Phoenix, AZ	KS	240.000	0	0.000	No		
06-135	10/02/2006	15901		First National Bank of Ainsworth	Ainsworth	NE	Ainsworth	NE	1,000.000	0	0.000	No		
06-136	10/04/2006	12004		Denison State Bank	Holton	KS	Holton	KS	2,000.000	0	0.000	No		
06-137	10/04/2006	9767		Alva State Bank & Trust Company	Alva	OK	Alva	OK	32.261	0	0.000	No		
06-138	10/11/2006	14250		Stockmans Bank	Altus	OK	Gould	OK	5,000.000	0	0.000	No		
06-139	10/11/2006	10667		The Citizens Bank of Edmond	Edmond	OK	Edmond	OK	4,282.000	59	72.576	No		
06-140	10/11/2006	53307		Security State Bank	Ansley	NE	Ansley	NE	2,795.000	0	0.000	No		
06-141	10/13/2006	15361		Cornhusker Bank	Lincoln	NE	Lincoln	NE	200.000	12	16.667	No		
06-142	10/16/2006	4082		High Country Bank	Salida	CO	Salida	CO	300.000	0	0.000	No		
06-143	10/17/2006	8990		Kansas State Bank of Manhattan	Manhattan	KS	Hutchinson	KS	410.000	33	12.424	No		
06-144	10/20/2006	15278		Farmers & Merchants State Bank	Cawker City	KS	Cawker City	KS	630.000	0	0.000	Yes		
06-145	10/26/2006	16950		Tampa State Bank	Tampa	KS	Tampa	KS	1,000.000	0	0.000	No		
06-146	10/27/2006	17595		Allegiance Credit Union	Oklahoma City	OK	Edmond	OK	2,750.000	0	0.000	No		
06-147	10/30/2006	15313		First National Bank of Utica	Utica	NE	various	NE	503.000	7	71.857	Yes		
06-148	10/30/2006	15313		First National Bank of Utica	Utica	NE	various	NE	770.000	0	0.000	Yes		
06-149	10/31/2006	14396		Farmers and Merchants Bank	Milligan	NE	Ainsworth	NE	450.000	0	0.000	Yes		
06-150	10/31/2006	11047		Stroud National Bank	Stroud	OK	Perkins	OK	412.107	30	13.737	No		
06-151	10/31/2006	14838		City National Bank of Greeley	Greeley	NE	Greeley	NE	500.000	0	0.000	No		
06-152	11/03/2006	14396		Farmers and Merchants Bank	Milligan	NE	Lincoln	NE	100.000	0	0.000	Yes		
06-153	11/03/2006	14396		Farmers and Merchants Bank	Milligan	NE	Shickley	NE	134.000	0	0.000	Yes		
06-154	11/03/2006	14396		Farmers and Merchants Bank	Milligan	NE	Fairmont	NE	243.000	0	0.000	Yes		
06-155	11/03/2006	14396		Farmers and Merchants Bank	Milligan	NE	York	NE	70.000	1	70.000	Yes		
06-156	11/03/2006	14396		Farmers and Merchants Bank	Milligan	NE	Geneva	NE	120.000	16	7.500	Yes		
06-157	11/06/2006	14862		Girard National Bank	Girard	KS	Girard	KS	1,000.000	0	0.000	No	2005196	
06-158	11/07/2006	10296		Morrill & Janes Bank & Trust	Merriam	KS	various	KS	26,807.000	320	83.772	No		
06-159	11/08/2006	9440		Horizon Bank	Waverly	NE	Omaha	NE	850.000	28	30.357	No		
06-160	11/10/2006	14677		South Central State Bank	Campbell	NE	Omaha	NE	500.000	28	17.857	No		
06-161	11/10/2006	9266		Kirkpatrick Bank	Edmond	OK	Oklahoma City	OK	379.200	0	0.000	No		
06-162	11/22/2006	53602		Platte Valley Bank	North Bend	NE	North Bend	NE	325.000	0	0.000	No		
06-163	11/28/2006	14862		Girard National Bank	Girard	KS	Clay Center	KS	180.000	0	0.000	No		
06-164	11/30/2006	10947		Sherman County Bank	Loup City	NE	Loup City	NE	2,000.000	0	0.000	No		

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06-165	12/01/2006	10134		American National Bank	Omaha	NE	Auburn/Nebraska	NE	252.000	15	16.800	No		
06-166	12/01/2006	6084		Security Savings Bank, FSB	Olathe	KS	various	KS	85,801.000	915	93.772	No		
06-167	12/06/2006	9266		Kirkpatrick Bank	Edmond	OK	Edmond	OK	140.000	0	0.000	No		
06-168	12/06/2006	14620		Two Rivers State Bank	Blair	NE	Blair	NE	1,304.000	18	72.444	No		
06-169	12/11/2006	9266		Kirkpatrick Bank	Edmond	OK	Duncan	OK	3,000.000	0	0.000	No		
06-170	12/11/2006	16015		First National Bank of Omaha	Omaha	NE	Omaha	NE	875.000	36	24.306	No		
06-171	12/12/2006	53463		Bank VI	Salina	KS	Salina	KS	45,000.000	0	0.000	Yes		
06-172	12/13/2006	52048		First National Bank of Hope	Hope	KS	Herington	KS	300.000	0	0.000	Yes	2005215	
06-173	12/13/2006	12709		Hillcrest Bank	Overland Park	KS	Lawrence	KS	139.316	101	1.379	No		
06-174	12/15/2006	9767		Alva State Bank & Trust Company	Alva	OK	Kiowa	KS	70.000	0	0.000	No		
06-175	12/15/2006	9767		Alva State Bank & Trust Company	Alva	OK	Waynoka	OK	190.000	0	0.000	No		
06-176	12/20/2006	53614		Commercial National Bank	Ainsworth	NE	Bassett	NE	141.108	0	0.000	No		
06-177	12/21/2006	12473		St. Marys State Bank	St. Marys	KS	Ozark, MO	KS	1,000.000	96	10.417	No		
06-178	12/21/2006	52586		Bank of Beaver City	Beaver	OK	Liberal	KS	80.500	0	0.000	No		
06-179	12/22/2006	53614		Commercial National Bank	Ainsworth	NE	Ainsworth	NE	168.000	0	0.000	No		
06-180	12/29/2006	16156		Sutton State Bank	Sutton	NE	various	NE	2,000.000	0	0.000	No		
									410,906.797	3780	16.481			

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