



A Common Purpose

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The Advisory Council of the Federal Home Loan Bank of Boston was organized in 1990. This 14-member body is made up of representatives of housing and community-development organizations throughout New England, and it serves the Bank as a knowledgeable resource for evaluating housing and development issues at the state and community levels. Each of the six New England states is represented. The council meets quarterly. Both as a body and through special committees, the council advises the Bank on the administration of its special programs for housing and community development.

The Federal Home Loan Bank of Boston is a member-owned wholesale bank for housing finance in the six New England states. Its mission is to support the residential-mortgage and community-development lending activities of its members, which are more than 460 financial institutions across New England. The Bank's community-lending programs offer its members access to grants and low-cost loans to fund affordable housing and economic development in their communities.

From the Chair

In 2006, the Federal Home Loan Bank of Boston (the Bank) celebrated the 15th anniversary of the Affordable Housing Program (AHP) – a key provider of funding for affordable housing initiatives throughout the region. Appropriately enough, 2006 was also a year in which the excellent performance of the Bank generated increased funding for many worthy affordable initiatives in the six New England states.

In 2006, the Bank approved nearly \$12.95 million in AHP grants and subsidies for advances (loans) to support 33 initiatives, and awarded 47 members a total of more than \$2.28 million in Equity Builder Program grants.

In addition, members received approval for \$893.3 million in Community Development advances to help finance 2,820 units of housing and 105 economic-development or mixed-used initiatives. In 2006, the Bank also approved more than \$476 million through the New England Fund to finance 27 initiatives to create a total of 1,396 units, 414 of which will be affordable to households earning at or below 80 percent of the area median income.

In 2006, the Bank continued its strong leadership in the housing industry with a thought-provoking seminar on the impact that climate change and green building is having on affordable housing. The seminar included presentations from around the region on green-building initiatives and resources. As it has done with the issues of smart growth and affordable-housing design, the Bank has positioned itself at the leading edge of innovation in the housing industry.

Each passing year of service on the Bank's Advisory Council deepens my appreciation for the opportunity to work side-by-side with my colleagues from around the region. When I first joined the council, I was eager to learn more about the varied housing needs of New England and the role the Bank played in fulfilling them. The regional perspective I've gained from serving on the council has become a key resource for my work in northwestern Vermont, while the research sponsored by the Bank in partnership with other organizations has been invaluable in helping other council members and me fulfill advocacy and educational roles in our home states.

As I reflect on the broader perspective I've gained from my time on the council, I find it's the similarities rather than the differences in the housing challenges facing New Englanders that have made the deepest impression on me. High land and construction costs, NIMBYism, and the growing gap between wages and the cost of housing are common hurdles to the availability and affordability of housing from Burlington, Vermont, to Providence, Rhode Island. In developing regional solutions to these problems, the Bank has been our strongest partner.

Every year, the Bank's housing programs help bring together talented people dedicated to finding innovative solutions to the housing needs in their communities. The stories that follow make clear that the success of the Bank's housing programs is rooted in the aspirations of residents and the determination, creativity, and sense of purpose of the developers and member bankers who make this housing possible. This year's report salutes the contributions of these dedicated people to their communities.

In 2006, we also said good-bye to John Eller. During his tenure as the Bank's housing director, John provided the kind of vision and true leadership that enabled council members to maximize their contributions to the Bank. John's passion for affordable housing was matched by his personal warmth — a trait that made us feel at ease from the start and inspired us to do good work together. In keeping with his high standards, he also developed a strong team to follow in his footsteps. Kenneth Willis and Mary Ellen Jutras's dedication and skill have made for a seamless transition to a new era and continued success.



Brenda M. Torpy, Chair of the Advisory Council



A Common Purpose

Every time a new Federal Home Loan Bank of Boston-funded affordable-housing development comes online in New England, numerous personal stories converge to make it possible.

There are the creative developers who recognize the need for affordable housing and take the necessary steps to make it a reality.

There are the member bankers with long years of experience in their communities who recognize the worth of what the developers are trying to accomplish and the broader impact new affordable housing will have on the people they serve.

There are the many deserving people who have been working hard to improve their families' lives but may need a small break — a shining opportunity — to make a life-changing leap into a better future.

If there's one thing the stories that follow make clear, it's that real lives are affected by the Bank's housing programs — the Affordable Housing Program, the Equity Builder Program, the New England Fund, and the Community Development advance.

People are brought together for a common purpose, and lives are transformed — at times when it doesn't seem possible.

These stories are just a small sample of the many that make the Bank's housing programs possible — year after year, month after month, building after building. They serve as a reminder that the collective work of the people involved in these programs really does matter.

Moving here was a blessing. I don't have to worry about a light bill coming in that I can't pay.



**Audrey Calarese, Resident
704 Main Street
Falmouth, Massachusetts**

The opening of the apartments at 704 Main Street in Falmouth meant a lot to Audrey Calarese and her 16-year-old daughter Ashley.

The family had been renting market-rate housing before the affordable development opened last year. "I was paying \$1,350 a month in rent, and it was roughly \$300 a month to heat and about \$100 for lights," says Ms. Calarese, whose only income is Social Security. "So all told I was paying \$1,750 to keep a roof over our heads.

4 "Moving here was a blessing," she adds. "I don't have to worry about a light bill that I can't pay. The apartment is gorgeous and includes heat and air conditioning. It's everything I would want in my own home.

"The most important thing is I can afford this. If I were to go out and rent something now, I would have to go back to work full time, and I am going to be 70 in March. There's got to be affordable housing because there are so many people out there like me who need help."

Ms. Calarese says her severely handicapped daughter was born with Down's syndrome and is at high risk for pneumonia. "We almost lost her in February," she says. "She got pneumonia and her lungs collapsed. She was flown out of Falmouth to Boston, where she was on a ventilator for 19 days."

A retired nurse with two grown children, Ms. Calarese adopted Ashley when she was 10 months old. "I was a foster parent for 21 years and Ashley was a high-risk kid who they didn't expect would live. Because I was a nurse they felt she would have a better chance if she stayed with me. She was one of those special kids and I adopted her. She's my buddy. She is what my world is all about."

It can't be just a job. It's got to be a mission.

**\$92,500 Grant,
\$2.35 Million Subsidized Advance, AHP**



**Robert Murray, Developer
704 Main Street
Falmouth, Massachusetts**

In the late 1980s, Robert Murray abandoned a career in pharmacy to start a new life on Cape Cod. He opened a small store and turned his attention to housing, developing the nonprofit Harwich Ecumenical Council for the Homeless.

For the last 20 years, finding affordable housing for people who need it has been at the center of Mr. Murray's life. "If kids don't have stable housing — a stable base from which to learn and grow — they will never reach their full potential," says Mr. Murray, executive director of the Falmouth Housing Authority and the Falmouth Housing Corporation. "If we have the ability to help a kid reach his full potential, it's our obligation to do so. The reward for us is that we will have a better life as retirees."

Over the last five years, Mr. Murray and the housing authority have been steadily building new affordable housing in Falmouth. Among their projects is 704 Main Street — 58 rental apartments and ground-floor commercial space on the former site of a marine-life laboratory on Main Street in Falmouth Center. The initiative, which includes 54 affordable apartments, was awarded

a \$92,500 grant and a \$2.35 million subsidized advance by the Bank's AHP through member Cape Cod Five Cents Savings Bank.

Mr. Murray says the need for affordable housing on Cape Cod is undeniable. Many Cape families live off low-wage service jobs that pay less than \$10 an hour. "Even with a husband and wife working it can be awfully difficult to make it on the Cape," he says.

For Mr. Murray, developing new housing is more than just a job. "It can't be just a job," he says. "It's got to be a mission. I know that sounds corny, but it's a real passion for me. If you do the mission and are more than just a caretaker, you will love the job. You can do whatever you want to do. How many jobs give you that kind of opportunity?"

"Over the last five years, we have been the biggest producer of affordable housing on the Cape," he adds. "If every housing authority was doing it, there wouldn't be a housing problem in Massachusetts."

It would have been a major hazard for a baby. I thought it would be safer for him here.



**Kim St. Onge, Resident
Elm Street Transitional Housing Project
Middlebury, Vermont**

Before she gave birth to her son Jesse almost two years ago, Kim St. Onge was a student in a rural Vermont high school. She says she wasn't thinking about having a child when she became pregnant.

Ms. St. Onge says she had known her son's father for about a month before she got pregnant. "We were in a class together, theater stuff," she says. "One day I skipped school. I didn't know him very well. I wasn't really planning on this happening, but it happened."

While having a child wasn't something she had anticipated at that point in her life, she says she's glad to have her son now. "I wish I could have had him later in my life, but he makes me happy," she says.

Ms. St. Onge says she had planned to live at home with her parents after her son was born but decided against it because she felt her family's house wasn't suitable for a child. "There was stuff up to the ceiling," she says. "It would have been a major hazard for a baby. I thought it would be safer for him here."

For the last year, Ms. St. Onge and her son have been living in the Addison County Parent/Child Center's (the Center) AHP-funded Elm Street Transitional Housing Project in Middlebury. She shares the house with three other girls and their children. "It's like living with a family," she says. "We get on each other's nerves, but then we love each other again."

Enrolled in the Center's program for young mothers, Ms. St. Onge spends her days attending parenting and life-skills classes, studying for her GED, and working at the Center, while her son attends the Center's child-care program.

Ms. St. Onge says her goal now is to save her money, become more independent, and continue her education. "I want to get an apartment and try to go to college," she says. "I want to get a good job."

In the future, she says, she would like to have a career related to art or fashion design. "I used to make clothes for myself or alter my clothes if they didn't fit me right," she says. "But I don't know if I will ever do this."

Just to dream and hope for the future is what I hope for all of them.

\$300,000 Grant, AHP



Donna Bailey, Developer
Elm Street Transitional Housing Project
Middlebury, Vermont

While providing counseling services for young families at the Addison County Parent/Child Center (the Center) in Middlebury, Donna Bailey and her staff found they were spending more and more time addressing the housing concerns of the teenage parents they served.

Unable for various reasons to live at home with their families, the young single mothers were “either losing the apartments they found or not getting apartments because they had bad credit or no rental history or references,” says Ms. Bailey, co-director of the Center, which also provides preventive services to help reduce teenage pregnancy.

The staff found that the time they were spending on housing was reducing the time spent on “parenting, life-skills training, and ensuring the kids were growing up healthy,” adds Ms. Bailey.

Recognizing the role housing played in establishing stable families, the Center launched a housing program with the opening of a duplex donated by a local property owner and the conversion of a former boarding house on Elm Street into a nine-bedroom home for young fami-

lies. Developed with help from a \$300,000 grant from the Bank’s AHP through member Citizens Bank New Hampshire, the Elm Street Transitional Housing Project provides rooms for the young women and children enrolled in the Center’s support programs.

“Our goal is to develop the whole person,” says Ms. Bailey. “We want these young people to be happy with their families and be able to keep a job and receive more education if that is what they want. We want these girls to be good tenants so they and their families can have stable housing; and we want them to be in healthy relationships.”

Ms. Bailey says her greatest hope is that the skills and knowledge the girls gain in the Center’s programs will allow them to give their children a better start in life than many of them had. “I love to hear them talk about their hopes and dreams,” says Ms. Bailey, “because when I first met many of them they didn’t have any dreams. Just to dream and hope for the future is what I hope for all of them.”

This type of mixed-income senior project mirrors the communities we have and want to have.

\$2.5 Million, CDA



**Gregory F. Kennedy, Mascoma Savings Bank
Quail Hollow Senior Living Community,
West Lebanon, New Hampshire**

The multi-phased Quail Hollow Senior Living Community in West Lebanon was designed to serve seniors with a broad range of service needs and incomes.

“This type of mixed-income senior project mirrors the communities we have and want to have,” says Gregory F. Kennedy, senior vice president/senior commercial lender at member Mascoma Savings Bank. “It looks like America.”

Funded with a \$5 million Community Development advance (CDA) provided through two member banks, Quail Hollow Phase 3 is affordable to residents with incomes less than 80 percent of area median income. It includes 54 one- and two-bedroom apartments as well as access to congregate meals, nursing care, and other health services that allow seniors to age in place.

“Normally a bank our size wouldn’t be able to take interest-rate risk on a loan of several million dollars,” says Mr. Kennedy. “We chose to participate in this with [member] Passumpsic Savings Bank in St. Johnsbury. We each took \$2.5 million of a \$5 million construction and end-loan.

“The CDA gave us the ability to offer this developer a very competitively priced fixed-rate loan and take the interest-rate risk out of the project while providing a nice community project,” he says.

“I have become convinced that mixed income is what we want to achieve,” adds Mr. Kennedy. “It just feels right, and I hope it’s something we seek to do legislatively because the social outcome is just so much better.

“I think the developer [Green Mountain Development Group, Inc.] has created a model for independent assisted living at a wide range of affordability,” he says. “I am always struck by how much the residents enjoy and appreciate the housing.

“I have been a banker for about 35 years, and my whole career has been spent in four community banks,” says Mr. Kennedy, who also serves as president of the nonprofit Upper Valley Housing Coalition. “Community banks are social and economic leaders within their communities and define the fabric of their communities as much as any institution, and that appeals to me as a business person and an individual.”

What was exciting was to start envisioning what homes would look like on that site.

\$313,000 Grant, AHP



John Hodge, Developer
Garrison Grove Homeownership Project
Brunswick, Maine

When John Hodge set out to develop a homeownership initiative for Brunswick, Maine, the median price of a home was \$182,000, while a mortgage affordable to a median-income home buyer was \$120,000. Mr. Hodge says private developers weren't building homes for median-income residents because the demand and the profits weren't high enough.

Mr. Hodge, executive director of the Brunswick Housing Authority, set out to find collaborators to help build the Garrison Grove Homeownership Project. He found a critical one in the Bank's AHP, which awarded the development a \$313,000 grant through Bath Savings Institution.

"It was by far the biggest piece we needed to make sure we kept this affordable," he says. "If I had to pass all those costs on to the homeowners, it would have added at least \$20,000 or more to the cost of each home, and they would no longer be affordable."

Mr. Hodge says the housing authority was able to sell the homes — which cost about \$150,000 to build — on average for \$120,000 to first-time home buyers with incomes between 50 and 120 percent of the area

median income. Purchasers included a teacher, a childcare provider, a single mother with two daughters, a worker in the service department of an auto dealer, and an employee of a seafood factory.

Mr. Hodge says he has always been passionate about public service. His role models, he says, were people in the community who were providing food for the hungry, health care for the sick, and decent housing for people working low-paying service jobs.

Not long ago Mr. Hodge was out inspecting a piece of land in Harpswell, Maine. "It was just a raw piece of land," he says. "But what was exciting was to start envisioning what homes would look like on that site. At one time Garrison Grove was just a raw piece of land like that. But when I drive by there now and see those 14 homes, I look back on what we did with great pride and say, 'We really did work here. It really did mean something.'"

I am just grateful that they gave me a chance to prove myself.



Sharon Beach, Resident
Dartmouth Hotel
Boston, Massachusetts

Sharon Beach was enrolled in a substance abuse program in Boston when she first noticed that the old Dartmouth Hotel in Roxbury's Dudley Square was under renovation. Ms. Beach grew up in the neighborhood and remembers the square during its darkest period.

She says the day she saw the new Dartmouth Hotel starting to take form was a difficult time for her. She hadn't a permanent home and was struggling to overcome years of drug addiction. "I used drugs for over 30 years — that was all I really knew," she says.

10 When Ms. Beach learned that the renovated building would include affordable apartments, she immediately decided to apply for one. "I had filled out numerous applications for apartments," says Ms. Beach. "But it was this one that caught my eye. I believe the power of God guided me to Nuestra Comunidad [the developer] and the Dartmouth Hotel, and my prayers got answered.

"It's a miracle for me to be living here," she says. "I still can't believe I have my own place. I showed them that I was a different person — that I wasn't the person I used to be. And now, through the grace

of God and the help of Nuestra, I am going on three years clean. I am just grateful that they gave me a chance to prove myself."

Ms. Beach says Dudley Square has improved dramatically since the dark days of the 1980s. "People are sticking together now because they don't want drugs in the area," she says. "The police are doing their part as well. I can walk through whatever is outside now because I know it's not where I live but how I live that matters, and I chose to live a clean life."

These days Ms. Beach is pursuing a certificate in counseling at the University of Massachusetts Boston. "God took a negative and turned it into a positive by opening up doors for me," she says. "I am planning to become a substance abuse counselor so I can help others and give them hope."

It's a very prominent gateway to the neighborhood and has led to a resurgence ...

\$313,000 Grant, AHP



**Paul Santanna, Banker
Bank of America
Rhode Island, N.A.
Dartmouth Hotel
Boston, Massachusetts**

Banker Paul Santanna sees the renovation of the Dartmouth Hotel as a turning point in the revival of Roxbury's Dudley Square — at one time one of Boston's most vibrant commercial districts.

"The redevelopment of this property was in many ways critical to the revitalization of the entire neighborhood," says Mr. Santanna, senior vice president at member Bank of America Rhode Island, N.A. "It's a very prominent gateway to the neighborhood and has led to a resurgence in the square. The visual impact of the renovation alone has had astounding intangible benefits."

Developed by Nuestra Comunidad Development Corporation (Nuestra) with help from a \$313,000 AHP grant, the Dartmouth Hotel initiative created 65 units of new housing — 45 of them affordable to low- and very low-income residents — and ground-floor commercial space.

Adjacent to the square's bustling bus station and close to downtown, the renovated Dartmouth Hotel is also a remarkable example of smart growth planning. "It's really a spectacular building," says Mr. Santanna. "I have often taken friends who don't work in this business to see it.

"Dartmouth was a challenging project, but it had a very strong developer," he says. "Nuestra was able to work through issues and get them resolved satisfactorily, which is very critical. The community development corporations [CDCs] are often doing the projects that no one else wants to do."

A senior project manager in the City of Boston's Department of Neighborhood Development before embarking on his banking career, Mr. Santanna has worked for many years with Boston's CDCs. "There's some really progressive thinking that happens in this work," he notes. "The community development movement has been at the forefront of a lot of innovations, including smart growth."

As the revitalization of Dudley Square enters a new stage, Mr. Santanna hopes to see more commercial tenants to complement the nonprofit and government tenants currently in the square. "Trying to attract a different tenant mix is going to be critical in getting the neighborhood to the next stage of redevelopment," he says.

I can afford this on what I am making, and my kids will have a beautiful place to live.

Deidre Araujo, Resident
Heritage Place
Woonsocket, Rhode Island

Deidre Araujo remembers the day she came to see her Heritage Place apartment for the first time. A friend from her church had urged her to move to Woonsocket after she became increasingly concerned about drug use in her Providence neighborhood.

“When I came to see this apartment I began to cry,” says Ms. Araujo, a photo technician at Wal-Mart. “I said, ‘This is not going to happen for me; I’m not going to be able to afford this.’ But then they told me how much it would cost and I said, ‘OK, I can afford this on what I am making, and my kids will have a beautiful place to live.’”

“I lived in a good neighborhood in Providence,” adds Ms. Araujo, the single mother of children ages 17 and 21. “But drugs were still coming into the area. I have always kept my kids away from violence and drugs — I thought about my son; I thought about my daughter.”

In Providence, she says, her son had to sleep on a couch in the parlor because the apartment had only two bedrooms. “I always wanted my kids to have the best,” she adds, “but I didn’t think I would be able to afford

the best. But to me this apartment is the best. It’s almost like having my own house.”

Since moving to Heritage Place, she says, the building’s management has mentored her through an especially difficult period. “I thank God for them because they were in my corner,” she says. “They didn’t tell me to get out when I couldn’t see the way.”

“I don’t have any family here in Woonsocket,” she continues. “But the people here [at Woonsocket Neighborhood Development Corporation] are my family. I can go to them and ask them how to do this and how to do that. And that is very powerful for me. I can’t speak for everybody else. I can only speak from my own experience.”

Housing is one of the most basic things you can provide to help people have a good life.

**\$300,000 Grant,
\$749,000 Subsidized Advance, AHP**



**Joseph Garlick, Developer
Heritage Place
Woonsocket, Rhode Island**

When the Woonsocket Neighborhood Development Corporation (WNDC) decided to redevelop an abandoned shopping plaza in Woonsocket, Rhode Island, as a new mixed-use development, the funding community was initially skeptical.

Affordable mixed-use developments were uncommon in Rhode Island, says Joseph Garlick, WNDC's executive director. "We were blazing a new path, but ultimately we were successful and the project was funded."

The result is Heritage Place — 43 townhouse-style affordable rental apartments and ground-floor commercial space on a busy street in the Lower Bernon section of the city. While the commercial space faces the street, the residences face the rear of the property and the scenic Blackstone River.

"It's like a little village," says Mr. Garlick. "The residential and the commercial uses complement each other. The services [which include a health center, NeighborWorks Homeownership Center, WNDC's office, and a standalone Dunkin' Donuts] add a vibrancy that you don't get with a straight housing development. There's a lot of life here."

The recipient of a \$300,000 grant and \$749,000 subsidized advance from the Bank's AHP through member Citizens Bank of Rhode Island, Heritage Place borders the site of WNDC's AHP-funded Constitution Hill, a housing-renovation initiative.

"At heart I think I am a builder," says Mr. Garlick, the 2007 chair of the Bank's Advisory Council. "What makes it exciting for me is the fact that we're creating affordable housing. I think housing is one of the most basic things you can provide to help people have a good life."

"We have also developed a childcare center, a community center, and after-school and arts programs — things that make for a successful, well-rounded community. To be part of creating all this as a team that works well together has been especially rewarding. A lot of my staff live in the neighborhood. It's great to see how proud they are of their community and the work they do to improve it."

I told myself, 'Sandra this is your chance.'



Sandra Distant, Home Buyer
Brockton, Massachusetts

For years Sandra Distant was determined to buy a home for her family. She held the same job in the billing department of a company for 15 years. She told herself that if she could afford \$1,300 a month in rent she should be able to afford a mortgage.

But she still had doubts. She was confident she could keep up with the mortgage payments but she was less certain about coming up with a down payment. Last year she attended yet another first-time home-buyer seminar — this one sponsored by member Stoughton Co-operative Bank. At the end of the seminar, Luis C. Fortuna, the bank's president and CEO, said something she knew was important.

"He mentioned that grants (of up to \$15,000) were available from the Bank's EBP to help first-time buyers pay their down payments," she says. "I guess they saved the best for last, because that grant was a godsend.

"I told myself, 'Sandra this is your chance.' Because in all my years of living here I have never received anything from anyone: no welfare, no WIC, no food stamps, nothing, nothing. God was speaking to me and said, 'Sandra, don't even hesitate, just go and keep going.'"

Last July, she and her two teenage children moved into a single-family house in a quiet Brockton subdivision. "I went out to get a part-time job just to keep everything afloat," says Ms. Distant. "I am working two jobs, and the children are helping me by getting good grades. I can't praise my kids enough. They are the most wonderful kids."

"We had hardships in our life that tried to bring us down," says Ms. Distant's 14-year-old son Kadeem. "But my mother kept persevering. She has two jobs to support us now. That's what I love about her and what makes me want to do more for her. We had all those hardships but we finally rose above them and said, 'This is our house.' We finally made it."

"This home is my legacy to my children," says Ms. Distant. "I come home every night and I give thanks. Our first night here we recited a couple of psalms to give thanks. We held hands and we prayed: 'Thank you Lord for bringing us here.'"

The need to purchase a home is a key one that people look to the bank for help with.

\$100,000 Grant, EBP



**Stephen McHugh, Relationship Manager
Federal Home Loan Bank of Boston**

**Luis C. Fortuna, Banker
Stoughton Co-operative Bank**

In early 2006, one of Stoughton Co-operative Bank's strategic goals was to market a first-time home-buyer mortgage product.

Banking is competitive, says Luis C. Fortuna, president and CEO of Stoughton Co-operative Bank. It's important for the bank — a hometown bank with 120 years of history behind it — to serve the real needs of the local community, he says. "And the need to purchase a home is a key one that people look to the bank for help with."

At about the same time, Mr. Fortuna learned from relationship manager Stephen McHugh that up to \$100,000 in Equity Building Program (EBP) funding would be available to member banks to help cover the closing costs and down payments of income-eligible home buyers.

Mr. Fortuna realized that using EBP funding in combination with the bank's mortgage product would make it easier to get mortgages out to his customers. The bank was able to get eight people into new homes in Stoughton, Brockton, Randolph, and North Attleboro.

"I think if we didn't have the EBP funding we would not have been successful," he adds. "It helped us attract people to the program and, in most cases, that meant our customers didn't have to come up with a down payment. It worked very well for everybody."

Mr. Fortuna says it was gratifying to be able to distribute the EBP funding so quickly — in fact, faster than any other member bank.

"These first-time home buyers were hardworking people who often had to struggle to make it from paycheck to paycheck," he says. "Their dream was to have a home of their own, but they weren't sure they could do it because of the high price of houses and their limited incomes."

"You could see that without this program and these funds they wouldn't be able to make it. It was really touching for us here at the bank to be able to tell them: 'You can buy your own home, this is your home, and this is the program that will help you do it.'"

Now I am working hard to take care of something that is mine.

Kimberly Turner, Resident
West River Homeownership Campaign



Kimberly Turner always dreamed of owning her own home, but she wasn't sure she would ever be able to afford it. But then she heard about Neighborhood Housing Services of New Haven's (NHS) first-time home-buyer program and everything changed.

Ms. Turner enrolled in NHS's first-time home-buyer class and eventually was selected to purchase one of the houses it was renovating as part of the AHP-funded West River Homeownership Campaign. "They [NHS] helped me out with my credit and told me about the responsibilities of buying a house," she says. "They sent me a list every week of the houses they were going to be rehabbing, and this was the one I picked."

A nurse's assistant and single mother, Ms. Turner purchased an affordable two-family house for her and her two school-aged children. "I don't think I could have done it without going through the NHS program," says Ms. Turner. "The classes on how to be a responsible homeowner were very educational. Buying a home didn't seem as hard as I thought it would be after I started the classes."

Before she purchased her new home, Ms. Turner was living in the middle apartment of a three-family house in the Fairhaven section of the city — a much busier neighborhood than West River, she says.

Ms. Turner says that homeownership has changed her life significantly. For one thing, she is a landlord rather than a tenant — a role reversal that she finds heartening. Also, she adds, her children have a backyard to play in now. When she starts to cook dinner after work, she knows they are playing safely in the yard rather than out on the street.

"My daughter never thought we would have our own house," she says. "My son loves having a backyard to play in."

"I just felt that if I could work hard and pay rent, there was no reason I couldn't afford my own mortgage and have something that is mine," says Ms. Turner. "Now I am working hard to take care of something that is mine. I always dreamed of having a home for me and my kids, and now I have it."

The people we serve are some of the most inspiring strong-willed people I have ever met.

\$210,000 Grant, AHP



Thea Buxbaum, Developer
West River Homeownership Campaign
New Haven, Connecticut

When Thea Buxbaum first arrived in New Haven, she took a long drive through the city's neighborhoods to learn more about her new hometown. She says she was immediately struck by the architectural beauty of the city's housing stock.

Impressed by what she saw, she eventually found work with the nonprofit Neighborhood Housing Services of New Haven (NHS), an organization that renovates the city's historic housing stock while providing affordable homes to low-income first-time home buyers.

"If you love old architecture, then to work for a nonprofit that preserves it instead of tearing it down or covering it with vinyl siding or doing something unspeakable to the historic integrity of the house, is very satisfying," says Ms. Buxbaum, NHS's senior resource development and community affairs specialist.

In 2003, NHS was awarded a \$210,000 grant by the Bank's AHP through member People's Bank to help fund the West River Homeownership Campaign. The initiative included construction of one new house and the acquisition and rehabilitation of six others to help low- and moderate-income, first-time buyers purchase a home in the city's West River neighborhood.

Over the last decade, the West River neighborhood has been struggling to recover from a period of decline in which homeownership rates plummeted and the condition of houses owned by absentee landlords deteriorated. In the 1990s, a community group sought the help of NHS to help stabilize the neighborhood.

Ms. Buxbaum knows firsthand how hard many first-time homeowners have to work to realize their dream of homeownership. "They often are living paycheck to paycheck when they come to us," she says. "They work so hard to save money to get into the housing, which represents a change in economic status and the potential to leave something to their kids."

"My grandfather came to this country and worked so hard to be able to put my father's generation into a house," she says, "so to help other families do that is fantastic. The people we serve are some of the most inspiring strong-willed people I have ever met, so it's great work."

COMMUNITY LENDING PROGRAMS

Grants and Subsidized Loans for Affordable Housing

THE AFFORDABLE HOUSING PROGRAM — Since its inception in 1990, 707 affordable-housing initiatives have been approved for funding through the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP). In 2006, the Bank approved nearly \$12.95 million in grants and subsidies for advances (loans) to support 33 initiatives.*

Once completed, these projects will provide 826 affordable homes for New Englanders and will join the other 19,698 units that have been approved for funding. In the past 17 years, the Bank has committed more than \$146.9 million in subsidies and \$128.03 million in low-interest loans to affordable-housing initiatives in the region.**

The AHP allows the Bank to address, in partnership with member institutions, the affordable-housing needs of communities across New England. Ten percent of the Bank's net earnings subsidizes the program, which awards grants and low-interest advances through member institutions.

The program encourages local planning of affordable-housing initiatives. The Bank's member institutions work with local housing organizations to apply for funds to support initiatives that serve very low- to moderate-income households in their communities. Each year, funding for projects submitted to the AHP by member institutions is awarded in two competitive rounds.

The initiatives approved in 2006 are listed on pages 21 and 22 of this report.

The AHP funds the direct costs and related soft costs for the acquisition, construction, or rehabilitation of:

- **Ownership Housing:** Including single-family houses, subdivisions, cooperatives, condominiums, and down-payment and closing-cost assistance.
- **Rental Housing:** Including multifamily rental housing, single-room-occupancy housing, supportive or special-needs housing, mutual housing, and mobile-home parks.

AHP Income Guidelines: Ownership housing affordable to households with incomes no more than 80 percent of the area median family income. Rental housing in which at least 20 percent of the units are for households with incomes that do not exceed 50 percent of the area median income.

Grants That Bring Buying a Home within Reach

THE EQUITY BUILDER PROGRAM — Funded by 15 percent of the Bank's annual AHP subsidy, the Federal Home Loan Bank of Boston's Equity Builder Program (EBP) offers members grants to provide households earning no more than 80 percent of the area median income with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance. Members may also use EBP grants to match eligible buyers' savings.

Member institutions first apply to participate in the EBP. In order to participate, members originate the buyer's first mortgage and work with an experienced, qualified home-buyer counseling agency to offer buyers homeownership education. The counseling program must include pre- and post-purchase counseling as well as a financial-literacy component alerting

buyers to the characteristics of predatory lending. Members must also provide buyers with concessions, including waived or reduced fees, or a reduced interest rate (a rate below that for a standard, conventional market-rate mortgage), relaxed underwriting standards, or down-payment assistance or other cash contribution made by the member at closing.

Mortgage loans originated with EBP grants may be sold through the Bank's Mortgage Partnership Finance® (MPF®) program, provided that the mortgages and home owners continue to meet the retention requirements of the EBP.

In April of 2006, the Bank awarded 47 members a total of more than \$2.28 million in EBP grants for 47 applications.

Members receiving awards are listed by state below.

Connecticut Liberty Bank, Enfield Federal Savings & Loan Association, Connecticut River Bank, Windsor Locks Federal Credit Union, Dime Bank, Savings Institute Bank and Trust Company

Maine Maine Highlands Federal Credit Union, Bangor Savings Bank, Bath Savings Institution, Camden National Bank, Kennebunk Savings Bank, Northeast Bank, Gorham Savings Bank, Chittenden Trust Company, Rockland Savings and Loan Association

Massachusetts Bank of Canton, Boston Private Bank & Trust Company, Bristol County Savings Bank, Bridgewater Savings Bank, Citizens Bank of Massachusetts, Eastern Bank, Florence Savings Bank, Metropolitan Credit Union, NewAlliance Bank, Pentucket Five Cents Savings Bank, PeoplesBank, River Bank, Savers Co-Operative Bank, Stoughton Co-operative Bank, Taunton Federal Credit Union, Wainwright Bank and Trust Company

New Hampshire Bow Mills Bank and Trust, Citizens Bank New Hampshire, Salem Co-Operative Bank, Service Credit Union, St. Mary's Bank, Woodsville Guaranty Savings Bank

Rhode Island Washington Trust Company

Vermont Community National Bank, Heritage Family Credit Union, Mascoma Savings Bank, National Bank of Middlebury, Northfield Savings Bank, NorthCountry Federal Credit Union, Opportunities Credit Union, Passumpsic Savings Bank

The EBP may be used to provide up to \$15,000 per eligible buyer for:

- Down-payment and/or closing-cost assistance.
- Payment of rehabilitation costs associated with acquisition.
- Payment of counseling costs not covered by another funding source. However, any EBP funding used to cover the cost of home-buyer counseling must flow directly to the counseling agency providing the education.

And in conjunction with any of the above,

- Supplementing a home buyer's savings through an Individual Development Account (IDA) or matched-savings program.

EBP Income Guidelines: Home buyers with incomes no more than 80 percent of the area median family income.

"Mortgage Partnership Finance" and "MPF" are registered trademarks of the Federal Home Loan Bank of Chicago.

* Please note that all figures provided are accurate as of the close of the first and second rounds of the 2006 AHP. AHP funding may have been deobligated if an approved initiative did not adhere to eligibility criteria. This total also does not reflect initiatives approved and funded as alternates. ** These figures represent the units and subsidy outstanding as of yearend 2006 net of deobligated AHP funds and including initiatives that were funded as alternates.

LOW-COST FUNDING FOR HOUSING AND COMMUNITY ECONOMIC DEVELOPMENT

Like the Affordable Housing Program (AHP), Community Development advances and the New England Fund support affordable-housing initiatives across New England. But unlike the AHP, both can also be used to fund economic-development or mixed-use initiatives. Both programs provide member institutions with favorably priced loans to support affordable-housing or community-development initiatives that meet program guidelines.

Community Development Advances — Whether a community needs capital for small businesses, fixed-rate financing for affordable housing, or improvements to local roads or schools, members can turn to the Federal Home Loan Bank of Boston's Community Development advances.

In 2006, members received approval for \$893.3 million in Community Development advances to help finance 2,820 units of housing and 105 economic-development or mixed-used initiatives. Since 1990, the Bank has approved \$7.2 billion in Community Development advances (and the Community Investment Program advances they replaced) to fund 49,200 units of housing and 443 economic-development or mixed-used initiatives.

The New England Fund — The New England Fund (NEF) provides member financial institutions with advances to support housing and community-development initiatives that serve moderate-income households and neighborhoods. The NEF serves a broader range of moderate-income households than the Community Development advance and provides special flexibility for mixed-income residential development.

In 2006, the Bank approved more than \$476.7 million through the NEF to finance 27 initiatives that will create a total of 1,396 units, 414 of which will be affordable to households earning at or below 80 percent of the area median income. Since 1990, the Bank has approved \$6.9 billion under the NEF to finance the construction or rehabilitation of 22,307 housing units.

Community Development advances and the NEF support loans for the acquisition, refinancing, construction, or rehabilitation of:

- Ownership and Rental Housing: Including single-family, cooperative, condominium, single-room-occupancy, and multifamily housing.
- First-Time Home-Buyer Programs.
- Economic Development: Including loans for small businesses; social-service or public-facility initiatives; infrastructure improvements; and retail, commercial, industrial, or manufacturing spaces.
- Mixed-Use Initiatives: These advances can also be used to fund initiatives that involve a combination of housing and eligible economic development.

Community Development Advance Income Guidelines: Housing that benefits individuals or households with incomes up to 115 percent of the area median family income. Economic development that creates or retains jobs for workers with annual salaries up to 100 percent of the area median income; that benefits households or neighborhoods with incomes up to 100 percent of the area median family income; or that is located in a Native American area, a Champion or Enterprise Community, an Empowerment Zone, a brownfield, an area affected by the closing of a military base, or a state-declared or federally declared disaster area. Mixed-use initiatives that meet the eligibility requirements for economic-development initiatives.

NEF Income Guidelines: Housing that serves residents earning at or below 140 percent of the area median family income or under certain state programs targets between 20 and 25 percent of its units to households earning no more than 80 percent of the area median family income. Economic developments that benefit households or neighborhoods with incomes up to 140 percent of the area median family income.

2006 GRANTS FOR NEW ENGLAND PARTNERSHIPS

The 2006 Program

In 2006, the Bank awarded a total of \$18,000 to nonprofit organizations on behalf of member institutions that participated in the New England Community Builder Program (NECBP).

NECBP addresses the pressing need for housing that is affordable to families of all income levels. Recent natural disasters at the local and national levels have put additional pressure on the existing stock of affordable rental and ownership housing in the region.

Our member banks sponsored the following organizations:

- Just-A-Start Corporation
- Katie Brown Educational Program
- Council of Social Concern
- Operation Keep ME Warm
- Community Concepts, Incorporated
- Salem Boys and Girls Club, Inc.
- South Shore Habitat for Humanity
- Connecticut Children's Medical Center
- Housing Vermont

AFFORDABLE HOUSING DEVELOPMENT COMPETITION

The need for affordable housing in Greater Boston has reached crisis proportions and affects home owners and renters at every income level. To help foster the new solutions and partnerships needed to solve this crisis, the Federal Home Loan Bank of Boston, Citizens' Housing and Planning Association, the Greater Boston Chamber of Commerce, and Kevin P. Martin & Associates, P.C. sponsor the Affordable Housing Development Competition. The competition pairs Boston-area graduate students with housing professionals to develop innovative proposals for affordable housing.

In its sixth year, the Affordable Housing Development Competition was again a great success. Fifty-eight students from two colleges and universities had the unique educational opportunity to test their ideas in action. Meanwhile, eight community-development organizations participated — each with a distinct site, vision, and community.

2006 WINNERS – The winners of the 2006 Affordable Housing Development Competition were as follows.

First Place: \$10,000

Riverside View, Providence, Rhode Island

Organization: Olneyville Housing Corporation

Student Team: Harvard University: Andrea Broaddus, Natasha Hamilton, Emma Rothfeld, Chris Lee, Jack Lin, and Tim Talun; MIT: Luke Schray

Faculty Advisor: Richard Peiser, Harvard University Graduate School of Design

Design Mentor: Icon Architecture, Nancy Ludwig

Finance Mentor: East Boston Savings Bank, John Migliozi

This initiative involves remediating a brownfield and developing 37 affordable rental apartments, seven affordable homeownership townhomes with a first-floor extended-family unit, and 10 market-rate homeownership townhomes on a site adjacent to Riverside Park and the Woonasquatucket River Greenway in Providence.

Second Place: \$6,000

Oak52, Brookline, Massachusetts

Organization: Brookline Housing Authority

Student Team: Harvard University: Nelly Nieblas and Jan Schultheiss; MIT: Matthew Brownell, William Ho, Sagree Sharma, Thacher Tiffany, Kate Van Tassel, and Amy Merritt

Faculty Advisor: John de Monchaux, Massachusetts Institute of Technology

Design Mentor: Elton + Hampton Architects, Bruce Hampton

Finance Mentor: Wainwright Bank & Trust Company, Patricia Capalbo

This proposal calls for developing a 23-unit affordable rental multifamily building, including a two-story community space, and two workforce/homeownership and three market-rate homeownership townhomes, each with rental units, on either side of an existing 10-story public-housing facility in Coolidge Corner.

Third Place: \$2,500

The Residences at 1088, Chinatown, Boston, Massachusetts

Organization: Asian Community Development Corporation

Student Team: Harvard University: Christopher Ward, Tawan Davis, and Soohyun Chang; MIT: Janelle Chan, Meredith Judy, Helen Lee, Nakeischea Smith, and Aaron Stelson



Oak52, Brookline, Massachusetts



Faculty Advisor: Tunney Lee, Massachusetts Institute of Technology

Design Mentor: Goody Clancy Architects, Rob Chandler

Finance Mentor: Bank of America Rhode Island, N.A., Michael Rosenberg

Honorable Mention

Temple Green, Somerville, Massachusetts

Organization: Somerville Community Corporation

Student Team: Harvard University: Matthew Ladd and Chris Magnusson; MIT: Rana Amirtahmasebi, Carey Clouse, Molly Markarian, Carolyn Choy, and Kevin Sheehan

2006 Judges

Linda Cornell, Visiting Nurse Association of Eastern Massachusetts; DeWitt Jones, Boston Community Capital; Randolph Jones, The Jones Payne Group; James McGlynn, Joint Committee on Housing, Massachusetts State House; Suzanne Robinson, Green Roundtable, Inc.

Finance Mentors

Bank of America Rhode Island, N.A., Michael Rosenberg; Boston Private Bank and Trust Company, Sarah Lamitie; Brookline Bank, Wesley Blair; Central Bank, Phil Casey; Citizens Bank of Massachusetts, Peter Macero; East Boston Savings Bank, John Migliozi; Metropolitan Credit Union, Val Divito; TD Banknorth, N.A., Chris Lippert; Wainwright Bank & Trust Company, Patricia Capalbo

Design Mentors

Bergmeyer Associates, Inc., Michael R. Davis; Chia Ming Sze Architect, Inc., Chia-Ming Sze; Domenech Hicks and Krockmainic, Rebecca Berry; Elton + Hampton, Bruce Hampton; Goody Clancy Architects, Rob Chandler; Icon Architecture, Nancy Ludwig; Mostue & Associates Architects, Inc., Ross Speer and Michael Wolfson; Taylor & Burns, Carol Burns

2006 AFFORDABLE HOUSING PROGRAM APPROVALS

Bridgeport, Connecticut
Webster Bank, N.A.
Women's Institute for Housing & Economic Development, Inc.
48 rental units
\$769,756 grant and subsidy, \$750,000 advance
Park City Hospital Supportive Housing

New Haven, Connecticut
NewAlliance Bank
Habitat for Humanity of Greater New Haven
5 ownership units
\$50,000 grant
The Rosette Street Project

Ridgefield, Connecticut
Fairfield County Bank Corp.
Ridgefield Housing Authority
20 rental units
\$798,149 grant and subsidy, \$1.7 million advance
Prospect Ridge Affordable Housing Expansion

Ridgefield, Connecticut
Fairfield County Bank Corp.
Ridgefield Housing Authority
72 rental units
\$798,844 grant and subsidy, \$860,000 advance
Ballard Green Affordable Housing Expansion - Phase I

Somers, Connecticut
Rockville Bank
Somers Housing Authority
82 rental units
\$718,582 grant and subsidy, \$800,000 advance
Woodcrest Elderly Housing Expansion - Phase I

Alfred, Maine
Kennebunk Savings Bank
York County Shelters
8 rental units
\$50,000 grant
Shaker Hill Housing

Bath, Maine
Bath Savings Institution
Tedford Shelter
6 rental units
\$358,000 grant
Evergreen Woods

Brunswick, Maine
Bath Savings Institution
Brunswick Housing Authority
40 rental units
\$492,529 grant and subsidy, \$495,000 advance
Creekside Village

Kennebunk, Maine
TD Banknorth, N.A.
Avesta Housing
28 rental units
\$596,498 grant and subsidy, \$650,000 advance
Cousens School Apartments

Scarborough, Maine
TD Banknorth, N.A.
Housing Initiatives of New England
54 rental units
\$798,514 grant and subsidy, \$1.89 million advance
Bessey Commons Senior Housing

Veazie, Maine
Merrill Merchants Bank
Penquis Community Action Program, Inc.
24 rental units
\$436,798 grant and subsidy, \$100,000 advance
Veazie Village Senior Housing

Boston, Massachusetts
Wainwright Bank & Trust Company and Citizens Bank of Massachusetts
Interseminarian Project Place
14 rental units
\$250,000 grant
Gatehouse

Haverhill, Massachusetts
Pentucket Five Cents Savings Bank
Planning Office for Urban Affairs
24 rental units
\$597,678 grant and subsidy, \$650,000 advance
Granite Street Redevelopment

Lawrence, Massachusetts
Lawrence Savings Bank
Merrimack Valley Habitat for Humanity
4 ownership units
\$97,768 grant
MV Habitat/Lower Tower Hill

Leominster, Massachusetts
Wainwright Bank & Trust Company
South Middlesex Opportunity Council, Incorporated (SMOC)
16 rental units
\$365,098 grant and subsidy, \$400,000 advance
School Street Supportive Housing

Lowell, Massachusetts
Bank of America Rhode Island, N.A.
Planning Office for Urban Affairs
42 rental units
\$350,000 grant
D'Youville Elderly Housing - Phase II

2006 AFFORDABLE HOUSING PROGRAM APPROVALS

North Reading, Massachusetts
Reading Co-Operative Bank
Riverside Community Care
5 rental units
\$79,500 grant
84 Chestnut Street

Salem, Massachusetts
Bank of America Rhode Island, N.A.
Planning Office for Urban Affairs
30 rental units
\$755,269 grant and subsidy, \$1.4 million advance
St. Joseph's Redevelopment

Salem, Massachusetts
Salem Five Cents Savings Bank
The Salem Mission
22 rental units
\$175,932 grant
Seeds of Hope Campus

Springfield, Massachusetts
Wainwright Bank & Trust Company
Springfield Neighborhood Housing Services, Inc.
9 ownership units
\$207,000 grant
Old Hill/Neighborhood Stabilization II

Topsfield, Massachusetts
TD Banknorth, N.A.
Health & Education Services, Inc.
37 rental units
\$100,000 grant
Nike Village Residences

Turners Falls, Massachusetts
Greenfield Savings Bank
Pioneer Valley Habitat for Humanity
1 ownership unit
\$29,627 grant
Turners Falls Phase 1

West Roxbury, Massachusetts
Wainwright Bank & Trust Company
The Community Builders, Inc.
80 rental units
\$799,605 grant and subsidy, \$2.099 million advance
Cheriton Heights

Whitinsville, Massachusetts
Benjamin Franklin Bank
Alternatives Unlimited, Inc.
5 rental units
\$200,000 grant
Alternatives Mill Project

Littleton, New Hampshire
Connecticut River Bank, N.A.
Affordable Housing Education and Development, Incorporated
(AHEAD)
23 rental units
\$400,000 grant
Beattie House at Mt. Eustis Commons

Nashua, New Hampshire
Merrimack County Savings Bank
Harbor Homes, Inc.
20 rental units
\$577,996 grant and subsidy, \$760,000 advance
Veterans Transitional Housing

Manchester, New Hampshire
Citizens Bank New Hampshire
Manchester Housing and Redevelopment Authority
34 rental units
\$299,885 grant and subsidy, \$300,000 advance
Brown School Congregate Housing

Silver Lake, New Hampshire
Northway Bank
Gibson Center for Senior Services
20 rental units
\$400,000 grant
Silver Lake Landing Senior Housing

Brattleboro, Vermont
Chittenden Trust Company
Brattleboro Area Community Land Trust
17 rental units
\$550,862 grant and subsidy, \$560,000 advance
Brattleboro Housing Opportunities

Enosburg Falls, Vermont
Merchants Bank
Housing Vermont
25 rental units
\$440,992 grant and subsidy, \$825,000 advance
Enosburg Falls Post Fire Reconstruction

2006 ADVISORY COUNCIL



The Advisory Council of the Federal Home Loan Bank of Boston advises the Bank on the administration of its special programs for housing and community development.

Organized in 1990, the 14-member body is made up of representatives of housing and community-development organizations throughout New England. Each of the New England states is represented on the council, which meets quarterly.

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Development, Inc.
Littleton, New Hampshire

From the left: Christopher J. LaRoche, Sharon Conard-Wells, Carlos Vega, Dana W. Totman, Brenda M. Torpy, Diane Randall, Joan Carty, Joseph F. Garlick Jr., Michael R. LaFontaine, David H. Wood, and Normand Grenier.
Not Pictured: Sarah E. Carpenter, Caprice Hover, Dale McCormick

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* through March 31, 2006

** beginning April 1, 2006

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Theo Noell, Manager of Programs and Outreach

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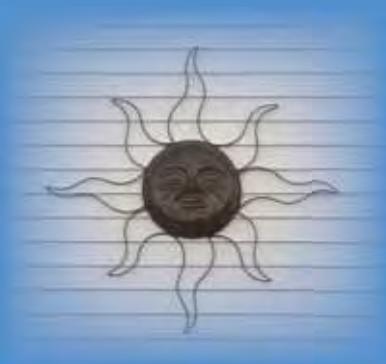
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