



No.: **2001-13**  
Date: **June 29, 2001**

## FEDERAL HOUSING FINANCE BOARD

### Approval of Other Targeted Beneficiaries For Federal Home Loan Bank of Indianapolis' Community Investment Cash Advance Programs

WHEREAS, section 952.5(a)(3) of the Federal Housing Finance Board's (Finance Board) Community Investment Cash Advance (CICA) regulation provides that each Federal Home Loan Bank (FHLBank) may offer Rural Development Advance programs or Urban Development Advance programs, or both, for targeted community lending using the targeted beneficiaries or targeted income levels specified in section 952.3 of the CICA regulation, without prior Finance Board approval (12 C.F.R. § 952.5(a)(3)); and

WHEREAS, section 952.3 of the CICA regulation lists specific types of projects that would qualify as individual beneficiaries or activity beneficiaries, and specific neighborhoods or areas in which projects so located would qualify as geographically defined beneficiaries, which do not require prior Finance Board approval (12 C.F.R. § 952.3); and

WHEREAS, paragraph (4) of the definition of "targeted beneficiaries" in section 952.3 of the CICA regulation provides that a FHLBank may designate, with the prior approval of the Finance Board, "other targeted beneficiaries" for its targeted community lending (12 C.F.R. § 952.3), and section 952.5(a)(4) of the CICA regulation provides that each FHLBank may offer CICA programs for targeted community lending using targeted beneficiaries and targeted income levels other than those specified in section 952.3 of the CICA regulation, established by the FHLBank with the prior approval of the Finance Board (12 C.F.R. § 952.5(a)(4)); and

WHEREAS, the Michigan Renaissance Zone Act (Michigan Compiled Laws, ch. 125, §§ 2681 *et seq.*) sets forth the criteria for designation of a region with special economic development needs in the State of Michigan as a Renaissance Zone; and

WHEREAS, 20 regions within the State of Michigan and within the Federal Home Loan Bank of Indianapolis' (Indianapolis Bank) district currently are designated as Renaissance Zones pursuant to the Act; and

WHEREAS, qualified individuals residing in, or qualified businesses located or conducting business activities within, Renaissance Zones, are eligible for temporary tax relief, as provided under the Act; and

WHEREAS, by letter dated March 13, 2001 (and accompanying attachments), the Indianapolis Bank has proposed to expand its CICA programs to include providing advances to members to provide financing for projects located in Renaissance Zones; and

WHEREAS, the Indianapolis Bank states that the Renaissance Zones serve many of the same economic development and housing assistance objectives served by the geographically defined beneficiaries set forth in the definition of "targeted beneficiaries" in the CICA regulation, and that providing long-term, lower cost CICA advances to projects located in Renaissance Zones will complement the State of Michigan's community economic development revitalization initiatives in the Renaissance Zones; and

WHEREAS, the Indianapolis Bank maintains that all projects, by virtue of being located in Renaissance Zones, that request CICA advances should be treated, *per se*, as "other targeted beneficiaries" under the CICA regulation, and that it would be unnecessarily burdensome and wasteful of Indianapolis Bank resources to require review, on a case-by-case basis, of each project requesting CICA advances to determine whether the project qualifies as one of the types of eligible targeted beneficiaries listed in section 952.3 of the CICA regulation, and to require Finance Board approval for each project that does not so qualify, under section 952.3 or 952.5(a)(4) of the CICA regulation (12 C.F.R. §§ 952.3 and 952.5(a)(4)); and

WHEREAS, the Indianapolis Bank, therefore, has requested Finance Board approval, pursuant to section 907.3 of the Finance Board's Procedures regulation (12 C.F.R. § 907.3), to treat all projects located in Renaissance Zones that request advances under the Bank's CICA programs, as "other targeted beneficiaries" under section 952.3 (par. (4) of definition of "targeted beneficiaries") and section 952.5(a)(4) of the CICA regulation (12 C.F.R. §§ 952.3 and 952.5(a)(4));

NOW, THEREFORE, IT IS RESOLVED that, based on the information provided by the Indianapolis Bank, for the reasons cited above, and limited solely to those facts, the Board of Directors of the Finance Board hereby approves the Indianapolis Bank's request to treat all projects located in Renaissance Zones, as defined and designated under the Michigan Renaissance Zone Act (Michigan Compiled Laws, ch. 125, §§ 2681 *et seq.*) that request advances under the Bank's CICA programs, as "other targeted beneficiaries" under section 952.3 (par. (4) of definition of "targeted beneficiaries") and section 952.5(a)(4) of the CICA regulation (12 C.F.R. §§ 952.3 and 952.5(a)(4)).

By the Board of Directors of the  
Federal Housing Finance Board

*/s/ J. Timothy O'Neill*

J. Timothy O'Neill  
Chairman