



January 23, 2004

Mr. Martin L. Heger
President
Federal Home Loan Bank of Indianapolis
P.O. Box 60
Indianapolis, Indiana 46206

NO-ACTION LETTER: Application of the Counseling Requirement in 12 C.F.R. § 951.5(a)(2)(ii) to the Bank's Disaster Recovery Plan Homeownership Set-Aside Program (2004-NAL-02)

Dear Mr. Heger:

This responds to your request for a No-Action Letter regarding application of the Affordable Housing Program (AHP) regulation's counseling requirement for homeownership set-aside programs (12 C.F.R. § 951.5(a)(2)(ii)) to the Disaster Recovery Plan (Plan) of the Federal Home Loan Bank of Indianapolis (Bank). The AHP rule requires that homeownership set-aside program funds be provided only to households that complete a homebuyer or homeowner counseling program provided by, or based on one provided by, an organization recognized as experienced in homebuyer or homeowner counseling. The Plan is a homeownership set-aside program primarily to assist existing homeowners who were impacted adversely by severe flooding in Indiana in 2003. More than 40 counties in Indiana have been declared federal disaster areas as a result of these floods. The Bank also expects to provide assistance under the Plan to a small number of prospective first-time homebuyers residing in these areas. The Bank will not require homebuyer or homeownership counseling in providing AHP assistance under the Plan to otherwise eligible households who are existing homeowners or to first-time homebuyers of counseling is not readily available.

Based on the Bank's written request and discussions with Bank staff, we understand that the nature of the disaster makes it necessary to expedite assistance to otherwise eligible households; that homebuyer or homeownership counseling may be difficult to obtain or may not be available in many of the areas affected by the flooding, which either would further delay assistance or preclude otherwise eligible households from qualifying for this AHP assistance; and that the households assisted under the Plan primarily will be existing homeowners with homeownership experience or previous counseling. The Bank states that it will require households that receive assistance under the Plan to comply with all other eligibility requirements of section 951.5(a).

In light of these circumstances, Finance Board staff will not recommend to its Board of Directors that supervisory action be taken against the Bank, nor will staff undertake any such supervisory action, for the Bank's failure to comply with the counseling requirements of section 951.5(a)(2)(ii) under its Disaster Recovery Plan set-aside program. The Bank must comply with section 951.5(a)(2)(ii) with respect to providing assistance under its AHP homeownership set-aside programs other than the Disaster Recovery Plan.

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This No-Action Letter expresses only the position of Finance Board staff and may be modified or superseded by the Board of Directors of the Finance Board. Because this No-Action Letter is based upon the Bank's representations, any change in the facts or circumstances from those represented may warrant a staff recommendation that the Finance Board take appropriate supervisory action. If you have any questions, please contact Charles E. McLean, Jr., Deputy Director, Office of Supervision, at 202/408-2537.

Sincerely,

/s/

Stephen M. Cross
Director
Office of Supervision

cc: Charles E. McLean, Jr.
John Harry Jorgenson