

# CommunityFirst

FEDERAL HOME LOAN BANK OF CHICAGO • COMMUNITY INVESTMENT NEWSLETTER • WINTER 2010



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The mission of the Bank is to deliver value to our members, and promote and support their growth and success, by providing:

- Highly reliable liquidity;
- Secured advances, wholesale mortgage financing, and other products and services to meet members' needs; and
- Direct financial support for members' affordable housing and community investment programs.

## Focused on Your Communities

The Federal Home Loan Bank of Chicago is proud to provide financial support for affordable housing activities across Illinois and Wisconsin. Despite the financial challenges of 2009, our Board of Directors fully understands the importance of both the Competitive Affordable Housing Program (AHP) and the Downpayment Plus® (DPP®) program in helping you to revitalize and grow the communities where you live and work. That's why these programs are an important component of the FHLBC's mission and of our member value proposition.

We encourage all members to take advantage of these programs:

- \$2 million will be available for the non-competitive DPP program. Of that, \$300,000 will be available for the DPP Advantage® program. Funds from these down payment and closing-cost assistance grant programs are currently scheduled to be available beginning March 15, 2010, on a first-come, first-served basis until the \$2 million is fully committed to homebuyers.
- At least \$4 million will be available for the Competitive AHP. The deadline for applications is September 1, 2010.

In addition to the above grant programs and other lending programs, the FHLBC also sponsors the Community First Partnership Awards. As the name suggests,

the award recognizes outstanding partnerships between our bank members and local community organizations that result in sustainable contributions to a community's quality of life. Profiles of two of the 2009 winners start on page 3.

This winter we are pleased to welcome six new members to our Community Investment Advisory Council. The members of the Advisory Council are actively engaged in providing affordable housing and community economic development activities throughout Illinois and Wisconsin; see page 2 for more information on the new members. These individuals are joining nine other dedicated professionals who keep FHLBC staff informed about the affordable housing, economic development, and community lending needs of the district. The Advisory Council also serves as an essential information resource for the members of the Affordable Housing Committee of the Board of Directors.



Matt Feldman  
President  
and CEO



Eldridge Edgecombe  
Community  
Investment Officer

This newsletter contains forward-looking statements which are based upon our current expectations and speak only as of the date hereof. These statements may use forward-looking terms, such as "anticipates," "believes," "expects," "could," "plans," "estimates," "may," "should," "will" or their negatives or other variations on these terms. The Bank cautions that, by their nature, forward-looking statements involve risk or uncertainty, that actual results could differ materially from those expressed or implied in these forward-looking statements, and that actual events could affect the extent to which a particular objective, projection, estimate, or prediction is realized. These forward-looking statements involve risks and uncertainties including, but not limited to, the risk factors set forth in our periodic filings with the Securities and Exchange Commission, which are available on our website at [www.fhlbc.com](http://www.fhlbc.com). The Bank assumes no obligation to update any forward-looking statements made in this newsletter.

# Six New Advisory Council Members Possess Range of Experience

The FHLBC welcomes six new members to the Community Investment Advisory Council. They have been appointed by the FHLBC Board of Directors to serve a 3-year term, which began on January 1, 2010. The complete list of Advisory Council members is on [www.fhlbc.com](http://www.fhlbc.com); click here.

The newly appointed Advisory Council members are:

### **Nancy McKenzie**

Nancy McKenzie has served as the Executive Director of the City of Rhinelander (Wisconsin) Housing Authority for nine years. The Rhinelander Housing Authority is involved in a variety of development projects and administers HUD Housing Choice Vouchers throughout the Rhinelander community.

### **Thomas F. Monico**

Tom Monico is a Principal of Thomas & Thomas Associates, Inc., an affordable housing real estate development consulting firm that works throughout Illinois. Their services include tax credit acquisition, gap funding, syndication quotes and review, preservation of older low-income housing, and first mortgage and tax-exempt bond financing. Over the past 18 years, the firm has been involved in affordable housing transactions involving more than 10,000 units.

### **Jacques Sandberg**

Jacques Sandberg is Director of Real Estate Development for The Community Builders and is responsible for their Midwest region. The Community Builders is a non-profit developer that specializes in large-scale community revitalization projects. Their Midwest office has undertaken some of their largest projects, including a HOPE VI redevelopment in Chicago. Mr. Sandberg has more than 20 years experience in the affordable housing and community development fields.

### **William Schneider**

William Schneider is the Chief Operating Officer of Affordable Housing for Turnstone Development, a non-profit affiliate of the Housing Authority of Cook County (Illinois). Turnstone's primary objective is the develop-



**New Advisory Council Members. From left to right: Diane Schobert, Jacques Sandberg, Thomas Monico, Bill Smirniotis, Nancy McKenzie, and William Schneider**

ment and preservation of affordable housing opportunities for low-income families in suburban Cook County. Mr. Schneider brings 15 years of construction, project oversight, and capital budgeting experience to the Advisory Council.

### **Diane M. Schobert**

Diane Schobert is the Business Development Officer for the Wisconsin Housing and Economic Development Authority (WHEDA), a state-wide agency, and is responsible for the initiation and development of partnerships that enhance WHEDA's ability to provide single-family financing products. Ms. Schobert is experienced with mortgage lending, housing counseling, foreclosure issues, and down payment assistance programs.

### **Bill Smirniotis**

Bill Smirniotis is Managing Director of Homeownership Programs for the Illinois Housing Development Authority (IHDA), a state-wide agency. Mr. Smirniotis is responsible for the Federal HOME Program, the state's Affordable Housing Trust Fund, and a variety of other homeownership financing and grant programs. Under his leadership, IHDA received the Institute for Real Estate Management's Award for Community Service for its Home Modification Program that benefits seniors and people with disabilities.

# Award Winners Set Sights on Grand Goals

**A**cross Illinois and Wisconsin, member banks and their local community organizations are working as partners to improve where their neighbors live and work. The FHLBC recognized five of these outstanding partnerships in 2009 with its Community First Partnership Award. Two of the award-winning partnerships are described below. The remaining three award recipients will be featured in the spring issue of this newsletter. All five embody the teamwork, generous spirit, and tangible results the FHLBC had in mind when developing the award.

### **Park Falls Revitalization Project: Impact Seven, Inc. and Johnson Bank**

Bill Bay's wife graduated from Lincoln High School in tiny Park Falls, Wisconsin, almost 50 years ago. He played baseball and basketball games there—though on the visiting team—and his nephew was in the last graduating class in 1979. Recently, a new team moved into the building: a construction crew. It is renovating this historic structure, which was built in 1916 and was slated for the wrecking ball, into 24 affordable housing units.

Bill is the Executive Director of Impact Seven, Inc., a community development corporation based in Almena, Wisconsin, that is renovating the Lincoln High apartment complex. Impact Seven and FHLBC member Johnson Bank are part of the Park Falls Revitalization Project, a consortium of community

stakeholders that is working on a number of fronts to improve the quality of life for the 2,400 residents of this town in north-central Wisconsin.

The Community First Partnership Award from the FHLBC recognizes the partnership's work on the school renovation as well as a slate of other projects (see the box on the next page) designed to lift this distressed community out of its socio-economic doldrums, provide quality affordable housing, diversify the local and regional economy, expand the tax base, create jobs, and stem population loss.

To outsiders, the goals seem daunting, but Matt Bay, Bill's son and Director of Outreach for Impact Seven, says experience has proved otherwise. "If you hang in there long enough, it's pretty amazing what you can actually do."

It's a winning strategy. "This is a comprehensive and collaborative effort that is making a real difference in the lives of the people in Park Falls," said Eldridge Edgecombe, the FHLBC's Community Investment Officer. "Johnson Bank and Impact Seven have shown a long-term commitment to this community and to each other, and we want to recognize the important work they are doing in a rural area that doesn't get a lot of attention."

"We're honored to receive this award," Bill said. "Small communities are really feeling the pinch. The capital is important and the recognition that comes

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Charles Hill Villa, owned and managed by Impact Seven, is home to low-income elderly residents in Park Falls, Wisconsin. It is one of a number of projects that Impact Seven has partnered with Johnson Bank to complete.

## Award Winners Set Sights on Grand Goals

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with it will help us leverage other funding sources.” He continued, “A good deal of the success of the Park Falls Revitalization Project is due to its partners like the Park Falls Community Development Corporation, the

### Business District Rejuvenated

In addition to providing affordable housing, the Park Falls Revitalization Project has celebrated success in the business district as well, including:

- Establishment of a Tax-Increment Financing district;
- Participated in re-opening the paper mill, the town’s largest employer, under new local ownership – putting 315 people back to work at the mill and re-employing 300 area loggers; and
- Participated in and played a significant role in bringing Weather Shield Windows and Doors into the community.

City of Park Falls, the First National Bank of Park Falls, Local Initiatives Support Corporation, Flambeau River Papers, the Chequamegon School District and the many other partners that are truly just too numerous to list.”

Mary Wright, Vice President at Johnson Bank, said she is thrilled to be part of the winning partnership and that the award money will go to good use. “Every dollar goes back into their [Impact Seven] projects,” she said. “They’re very resourceful and creative in meeting the needs of people in northwest Wisconsin.”

Impact Seven is equally proud to work with the Johnson Bank. “They are always willing to look at an infusion of capital at the very, very front end of the project,” Matt said.

Impact Seven and Johnson Bank have partnered on a number of projects over the years, including examining and assessing existing affordable, special-needs, and elderly housing options in Park Falls. In response, Impact Seven constructed and now owns

and manages two 10-unit multifamily housing projects: Eldon Maple Manor serves low-income, physically disabled residents and Charles Hill Villa is home to low-income elderly residents.

Kristi Brereton, a Portfolio Manager at Johnson Bank, has toured several Impact Seven properties and says they’re all well maintained and that the residents are happy. “There is such a need for the housing they provide,” she stressed.

### Community Savings Center: Bethel New Life and Park National Bank

Chicago residents can exit the “El” train at the Pulaski Street platform and walk down the stairs to a building where they can pick up their child at a daycare center, their clothes at a drycleaner, sandwiches at a Subway shop – and free financial advice at the Community Savings Center (CSC).

In a neighborhood crowded with currency exchanges and payday lenders, the CSC is designed to teach financial literacy and introduce many neighborhood residents to banking for the very first time. The CSC is a four-year-old collaboration between Bethel New Life and FHLBC member Park National Bank. (Park National Bank has since been acquired by U.S. Bank.) The pair was awarded a Community First Partnership Award from the FHLBC for its efforts to help residents invest, build, and retain assets such as a home.

Park National Bank opened a branch inside the CSC that offers general checking and savings accounts and provides mainstream lending packages at interest rates affordable to the local residents. Bethel New Life is a faith-based community development corporation that develops and implements initiatives that address the root causes of poverty; at the CSC it provides financial literacy and credit counseling classes and offers an Individual Development Account program called Smart Savers. Bethel New Life shares space with the bank inside the CSC.

“The CSC is empowering residents to fulfill their dreams by providing them with the resources and skills to build credit, generate savings, and purchase a

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## Award Winners Set Sights on Grand Goals

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home,” said Eldridge Edgcombe, the FHLBC’s Community Investment Officer. “CSC’s programs were designed to be paired with Bethel’s pre-existing employment center and homeownership programs to employ residents and to support investment opportunities that remain in the neighborhood. The efforts and collaboration on behalf of the people at CSC are exceptional. This award honors the people and the partnership.”

### **Sold! A Neighbor Success Story**

Cynthia Wright has lived in the Austin neighborhood for most of her life and works as a dispatcher at the Norfolk Southern Railway Company. Two years ago she enrolled in the Smart Savers program at CSC, which provides a 2:1 match from Thrivent Financial and the U.S. Department of Health and Human Services on savings up to \$2,000 for people who attend weekly financial planning, budgeting, and debt-management classes for three months. At first she didn’t know if she wanted to start a business or buy a house, but with three growing children in an apartment and three grandchildren “running around,” Cynthia decided to find a real estate agent.

After looking at almost 30 properties, she found her dream home about 2.5 miles from the CSC. “When I saw that house, I fell in love. Especially when I went upstairs and saw the big bedroom on the top floor,” Cynthia said. She closed on the property last summer. “This program actually works,” she said of Smart Savers.

Nancy Brown, Senior Director of Bethel New Life’s Family Economic Success Program, said Cynthia’s achievement is fantastic. “In this economic environment, when people are saying, ‘You can’t, you can’t, you can’t’—well, she did. She worked at it.”

“We don’t do anything for anybody,” Nancy continued. “We educate, we motivate, we help people change behaviors.”



**From left to right: Nancy Brown, Cynthia Wright, and Alfred Burns.**

The bank’s branch manager, Alfred Burns, agrees. One behavior that he helps clients change immediately upon entering the bank is where that person cashes his or her paycheck. This branch will cash a check for \$1 to \$5—versus the \$20 fee at the nearby currency exchange.

From there, Alfred said, the bankers try to help that person move from one financial stage to the next by teaching them about building credit, and by listening to their dreams. “Your bank should be a place where you feel comfortable talking about finances,” he said. “We’re not looking for accounts. We’re looking for relationships. We’re trying to make them feel like part of an extended family here.”

That approach, however, translates into business. Quite often one satisfied customer will bring in his whole family. And those family members have translated into 1,600 checking and savings accounts in just four years in this under-served neighborhood on the west side of Chicago.

# Revised Income Calculation Guidelines for AHP and DPP

The FHLBC is revising its Income Calculation Guidelines for 2010. The guidelines define how household income is to be calculated under the FHLBC's Affordable Housing Program (AHP) and Downpayment Plus® (DPP®) Program. The new guidelines will be posted to the FHLBC website within the next few weeks, and a training webinar is planned to familiarize members and project sponsors with the revised guidelines.

Watch the FHLBC's website at <http://ci.fhlbc.com/ci/index.shtml> for an announcement that the new Income Calculation Guidelines have been posted.

## Share Your Success Story!

The FHLBC wants to highlight more success stories in our newsletters (including Community First) and on our website at [www.fhlbc.com](http://www.fhlbc.com). If you have used one of our community investment products or programs recently and would like your story to be considered for publication, email the newsletter editor Melissa Warden at [mwarden@fhlbc.com](mailto:mwarden@fhlbc.com). Please include a brief description of your project and attach a photo if available.

## Honoring Exceptional Community Development Work



Hundreds of people—community organizers, banking leaders, elected officials, real estate developers, architects, and more—gathered in February for the 16th Annual Chicago Neighborhood Awards to honor outstanding projects, strategies, and people that are improving the city's communities. Attendees from the FHLBC included (from left to right) Suzanne Thackston, Community Investment Group; Matt Feldman, President; and Rischard Gray, Community Investment Group.

### Federal Home Loan Bank of Chicago

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