



Balance Sheet

FEDERAL HOME LOAN BANK OF CHICAGO • MEMBER NEWSLETTER • JUNE 2010

Evaluate Your Portfolio at the FHLB Chicago

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Now might be the right time to consider restructuring any of your institution's advances at the FHLB Chicago. "U.S. economic conditions have improved and prospects for the future remain positive – with the employment rate the key economic component," Patrick Quinn, the FHLB Chicago's Member Group Product Manager, told members at a recent summer regional meeting. "However, the sovereign debt crisis has increased risk concerns, helping to support the currently artificially low interest rate environment."

Patrick encouraged members to evaluate their portfolios at the FHLB Chicago to take advantage of the current environment. With the help of the Member Transaction Desk, he said some members are prepaying higher-cost advances and refinancing into lower-cost, term advances, which can help

increase their net interest margins. In certain cases, members and their advisors have achieved favorable accounting treatment by amortizing the prepayment fee over the life of the new advance.

"The FHLB Chicago will work with you to

"Members are utilizing the steep yield curve to enhance their balance sheets using FHLB Chicago products."

Patrick Quinn, Vice President,
Member Group Product Manager

identify different advance structures; we'll calculate the advance prepayment fee, apply the appropriate discount, and execute the new advance," Pat said. Call the Member Transaction Desk at 877-230-1610 to discuss your institution's specific situation.

FHLBC Weekly Market Update Call

You're invited to attend a free conference call every Thursday at 3 p.m. to learn about developments in the financial markets as they relate to members' balance sheets. Join Patrick Quinn for 20 minutes to get the week's scoop; Pat has extensive experience in financial markets, including foreign exchange, corporate debt

sales, and asset/liability management. There is no need to register.

To join the call, dial 1-866-537-1632 (Passcode: 9883778#). Then log on to www.conferenceplus.com to view the slides.

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.

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. We caution 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. We assume no obligation to update any forward-looking statements made in this newsletter.

AHP Honored with “Housing Person of the Year” Award

The Federal Home Loan Banks’ Affordable Housing Program (AHP) was honored as the “Housing Person of the Year” by the National Housing Conference on June 9 in Washington, D.C. This year the FHLBs are celebrating the 20th anniversary of the competitive AHP, which has provided almost \$4 bil-



From left to right: Nancy Schachman, FHLB Chicago; directors Ed Brady, Tom Herlache, and David Kuhl; Eldridge Edgecombe, FHLB Chicago; Bob Campbell, Chairman of the Community Investment Advisory Council; Kathleen Marinangel, Chair of the FHLB Chicago’s Affordable Housing Committee; and FHLB Chicago’s Matt Feldman, Sue Wohlhart, and David Feldhaus.

lion for the creation of more than 670,000 affordable rental and owner-occupied homes for low- to moderate-income families.

Closer to home, the Federal Home Loan Bank of Chicago, its members, and their partners have

awarded \$300 million in AHP grants and down payment assistance over the past two decades, helping nearly 75,000 families find their way home.

Historically, the National Housing Conference has honored an individual, or individuals, with the

“Housing Person of the Year” Award at its annual event. AHP is one of only a handful of programs over the years to be selected to receive the award, which is considered one of the housing industry’s most recognized and highest honors.

AHP Application Due September 1

The competitive AHP is a forgivable grant program that assists in the purchase, construction, or rehabilitation of owner-occupied or rental housing units for income-eligible households. Applications for awards are submitted by FHLBC members who

typically partner with a community-based organization or public entity.

This year, \$4 million is available, and the maximum subsidy per project is \$300,000. **The application deadline is September 1.** Click here for more information.

New Automated Underwriting System Available to PFIs

We are pleased to announce that the Federal Home Loan Bank of Chicago has executed an agreement with Fannie Mae to offer Desktop Underwriter® (DU) access to Participating Financial Institutions (PFIs) that use the MPF Xtra® product. We worked closely with Fannie Mae to make it possible for PFIs to gain access to DU-Only, which simplifies the loan underwriting process. We are excited about this new

offering and hope your institution benefits from its use.

In early June, we emailed PFIs information on how to initiate and obtain access to DU-Only. If you have any questions prompted by that email, or you did not receive it and would like to learn more about DU-Only for the MPF Xtra product, please call your relationship banker.

Don't Miss a Summer Regional Meeting

More than 220 people have attended one of the FHLB Chicago's summer regional meetings where they've learned about the Bank's goals and financial results, the financial health of our membership, and recent developments in the financial markets.

If you haven't registered for a meeting yet, there's still time to do so for the following locations:

July 13: Carbondale, Illinois

July 14: Fairview Heights, Illinois

July 20: La Crosse, Wisconsin

The registration form is on eBanking, or contact Nicki Patrick at 312-565-5330 or npatrick@fhlbc.com. We hope you can attend!



The FHLB Chicago will be closed on Monday, July 5, in observance of Independence Day.

Choose Between a Webinar or Seminar in July

To register for a free MPF® or MPF Xtra® product webinar or seminar, send an email to MPFTraining@fhlbc.com with the date, participant's name and institution, email address, phone numbers, and street mailing address. Click here for details.

July 1, 10:00-Noon, Webinar

MPF Xtra Product: Underwriting Workshop

July 8, 10:30-11:30 a.m., Webinar

An Introduction to MPF Xtra Product Delinquency Management

July 13, 2:00-3:00 p.m., Webinar

Credit Report Review (for both portfolio MPF and MPF Xtra products)

July 21, 8:30-3:00 p.m., Seminar

MPF Xtra Product: Underwriting Workshop
Hilton Springfield
700 East Adams, Springfield, IL

July 22, 8:30-3:00 p.m., Seminar

MPF Xtra Product: Underwriting Workshop
Crowne Plaza Madison
4402 E. Washington Avenue, Madison, WI

July 23, 8:30-3:00 p.m., Seminar

MPF Xtra Product: Underwriting Workshop
FHLBC Headquarters: Aon Center
200 East Randolph Drive, Chicago, IL

Federal Home Loan Bank of Chicago

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