

## **FEDERAL HOME LOAN BANK OF CHICAGO 2019 COMMUNITY LENDING PLAN**

Pursuant to 12 C.F.R. Sections 1290.6 and 1292.4, the Federal Home Loan Bank of Chicago (the “Bank”) presents its 2019 Community Lending Plan (the “Plan”) for the Bank’s district, which is composed of the states of Illinois and Wisconsin (the “District”). This report was developed through market research and consultation with the Bank’s Community Investment Advisory Council, members, housing associations, and both public and private economic development organizations in the District.

The 2019 Plan consists of three parts: Part I - Mission; Part II - Market Research, Analysis, and District Needs; Part III - Initiatives and Goals for 2019.

### **I. Mission**

*The mission of the FHLBank Chicago is to partner with its member shareholders in Illinois and Wisconsin to provide them with competitively priced funding, a reasonable return on their investment in the Bank, and support for community investment activities.*

The Bank continues to maintain a member-focused Bank. This involves all areas of the Bank coming together to deliver excellent products and services that meet our members’ needs and those of their customers and communities. As a cooperative, the Bank applies its resources to maximize the value proposition for members by building new relationships with members, expanding training, and using market research to inform development and expansion of programs.

As part of its strategic goals, the Bank is engaging in activities to strengthen and solidify its position on diversity and inclusion (D&I). The Bank’s focus is to create a culture where D&I are embedded in our employees’ thought processes, in every aspect of our jobs. We strive to build D&I into the Bank’s DNA.

By creating and sustaining a diverse workforce and inclusive environment, we can ensure that our members will continue to receive superior service, as studies show that D&I enhances employee creativity and provides improved business results. A diverse workforce also better represents all of the communities we serve.

Integrating D&I into every business practice, from hiring and promoting our staff to making supplier decisions, proves that the Bank believes D&I provides a competitive advantage. Embracing this philosophy and supporting an inclusive culture will increase the trust and respect of our employees, our members, and their customers. It will show us alternative viewpoints and perspectives, thus allowing us to design the best possible solutions.

## **Community Investment**

A core component of the Bank's mission and strategic goals is to support community investment activities. Through its Community Investment programs, the Bank provides financing and direct funding tools that support the affordable housing and local community lending initiatives of our members. By using our products individually or in combination, our members and their community partners can create economically competitive solutions that contribute to the quality of life and access to resources and opportunities in the communities they serve.

The Bank aims to:

- 1) increase the visibility and understanding of Community Investment programs among its members and the District's communities as a whole,
- 2) broaden utilization of its programs,
- 3) establish strategic partnerships with community organizations that help to further the Bank's housing and economic development missions, and
- 4) design and implement voluntary community investment programs that support the housing and community development needs of the 7th District.

Achieving these goals we expect to:

- 1) maximize each individual member's value through Community Investment product and services use,
- 2) increase sponsor capacity and utilization,
- 3) support housing and economic development with and through members,
- 4) provide high quality service, and
- 5) develop Bank staff to support Community Investment needs.

## **II. Market Research, Analysis and District Needs**

The Bank continuously monitors the market conditions of its District and assesses unmet credit needs and opportunities for community lending and affordable housing.

To remain relevant and responsive to these needs, our members' businesses, and the community development field, the Bank consults with its Board of Directors, its Community Investment Advisory Council, its members, and public and private community development organizations to identify District needs and to propose strategic actions and initiatives for its community lending and affordable housing programs. Community Investment staff references primary and secondary resources, and leverages the expertise of housing finance agencies and community development organizations, and will attend and participate in relevant workshops and conferences. Program users, both members and community organizations, will be solicited for

feedback on their experience and satisfaction with the Bank's programs and services. On-going research and outreach with members, partners, and communities will enable the Bank to develop and offer programs that support District needs.

Changes in the economic, regulatory, and funding environments present existing and new challenges and opportunities for our members and for the sectors supporting affordable housing and community development. National and District economic conditions, including the housing and small business trends, are presented below. With existing, expanded, and new programs and initiatives, some of which are described below, the Bank continues to focus on achievement of its community investment mission and strategic goals.

## **A. Market Conditions**

### **1. National Economy**

The Federal Reserve reported in its Beige Book that economic activity in late May and June 2018 “continued to expand across the United States, with 10 of the 12 Federal Reserve Districts reporting moderate or modest growth.” Most Districts described labor markets as tight and cited continued difficulties finding qualified workers for job openings. In particular, the Federal Reserve Bank of Chicago reported, “Growth in economic activity in the Seventh District slowed to a modest pace in late May and June, though contacts expected it to pick up to a moderate pace over the next six to 12 months.” Moreover, residential construction increased slightly, mostly driven by development in suburban single-family homebuilding. The Beige Book stated, “Contacts across the District indicated that low inventories of starter homes continued to hold back sales.”

On July 5, 2018, the Federal Open Market Committee (“FOMC”) released minutes from its June meeting. It stated that “labor market conditions continued to strengthen in recent months, and that real gross domestic product appeared to be rising at a solid rate in the first half of the year.” The minutes stated that residential mortgage financing conditions were appropriate for the majority of borrowers. However, conditions remained tight for borrowers with low credit scores but had eased from the last reporting period.

According to the Bureau of Labor Statistics, the unemployment rate stood at 4.0% in June, a 0.3 percentage point decrease from June 2017. Previously, the unemployment rate was 3.8% in May, its lowest level since 1969. Private sector economic forecasters surveyed recently by the Wall Street Journal see the jobless rate falling over the next year to 3.5% or lower, reaching levels not seen since the early 1950's, during the Korean War. The ratio of unemployed job seekers to job openings decreased to 0.96, according to June's Job Openings and Labor Turnover Survey, suggesting there are more job vacancies in the U.S. than available hires. Following the last recession, there were 6.2 unemployed workers per job opening. Meanwhile, the broader unemployment rate, which includes underemployed and discouraged workers, decreased from

8.5% in June 2017 to 7.8% in June 2018. The labor force participation rate rose modestly to 62.9% in June 2018 from 62.8% in June 2017. The participation index remains near its post-recession low as Baby Boomers retire and discouraged workers give up trying to find a job.

## **2. National Housing Trends**

The U.S. housing market continued to improve in the second half of 2018; however, recent data suggests momentum has slightly slowed. Housing starts posted a modest annual decline in June 2018, and the number of existing homes for sale continues to be volatile due to low supply. The 30-year mortgage rate reversed the decline that took place in 2017, remaining north of 4% for several months. Consumer confidence remains near its post-recession high in June with respondents stating that business conditions are “bad” declining from 38.6% to 36.0%.

Based on data from the Joint Center for Housing Studies of Harvard University’s *State of the Nation’s Housing 2018* report, modest growth in single-family construction is partially due to homebuilder caution after the last economic recession and housing bust. Another contributing factor to slow growth is the declining supply of buildable lots.

U.S. Census Bureau data show housing starts unexpectedly decreased to an annual rate of 1.177 million in June 2018. The decrease was mostly driven by an 11.98% plunge in multi-family starts from June 2017 and a 1.05% decrease in single-family starts. The supply of new homes is currently at 5.7 months in June, with six months considered a healthy supply.

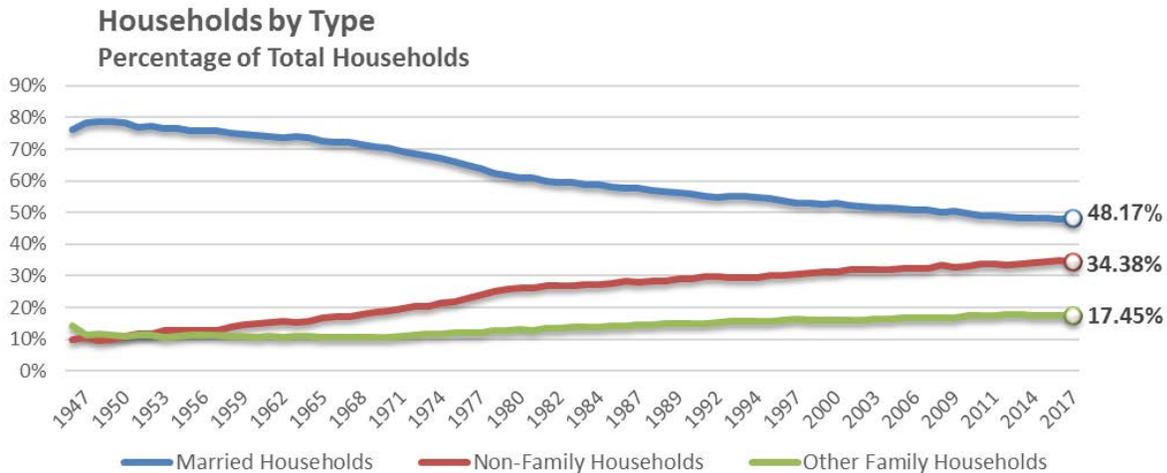
According to the National Association of Realtors, existing home sales, which accounts for the vast majority of total home sales, fell in June to its third lowest level since September 2017. Details of the report show existing home sales in the Midwest edged up 0.8% month-over-month to an annual rate of 1.27 million.

### *Single-Family Activity*

The widening gap between new home supply and demand has contributed to an increase in home prices, which rose at an annual pace of 6.3% as of June, according to the S&P Case Shiller Home Price Index. The tightened supply has led to an inventory shortage in many metro areas throughout the U.S. According to Freddie Mac, the 30-year fixed-rate mortgage currently stands at 4.55% as of the week ending June 28<sup>th</sup>.

Based on data released from the U.S. Census Bureau in July, single-family housing starts decreased 1.05% year-over-year to an annual rate of 851,000 in June. Single-family housing starts are well below the 1.823 million pace last seen in January 2006.

According to data from the U.S. Census Bureau, the formation of households by type is evolving. In 2017, the percentage of married households to total households stood at 47.17%, substantially lower than the 60.8% pace in 1980. Meanwhile, non-family households are trending upward to 34.38% in 2017, compared to 26.28% in 1980. With a substantial change in household type and low mortgage rates, homebuyers are coming back into the market, but barriers such as high student loan debt, credit worthiness, and scarcity of lower-cost homes are posing a problem for first-time homebuyers.



Source: Census Bureau

The number of homeowners burdened by housing costs – defined as households that spend more than 30% of their income on housing – fell from 38.9 million in 2015 to 38.1 million in 2016, as reported by the 2018 State of the Nation Housing Report. This rate fell, in part, due to low mortgage interest rates throughout the latest economic recovery and cost-burdened owners forced out of their homes due to foreclosures.

The assistance of loan programs that offer low down payment requirements is making it easier to get approved for a mortgage. Additionally, the Bank’s set-aside Downpayment Plus® (DPP®) programs provide member institutions with easy-to-access down payment and closing cost assistance programs for low- and moderate-income homebuyers. The Freddie Mac Home Possible Advantage Program was designed to increase accessibility to mortgage funds by reducing down payment requirements to 3% and making low down payment lending available to borrowers with lower credit scores. Additionally, the Fannie Mae HomePath Ready Buyer program provides qualifying first-time homebuyers with up to 3% of the purchase price of the Fannie Mae-owned property in closing-cost assistance toward the purchase of a property in REO status. Similarly, Freddie Mac’s foreclosure program, called HomeSteps, provides homebuyers with the opportunity to purchase a home without competition from investors for a property’s first 20 days on the market.

### Multi-Family Activity

After over ten years of climbing rental demand, the number of renter households slowed over the last several years, lifting the homeownership rate. Unlike single-family construction, multi-family construction boomed after the last recession as rental demand soared. However, the Census Bureau's *Quarterly Residential Vacancies and Homeownership Report* states that rental vacancy rates slowed from 7.3% the second quarter of 2017 to 6.8% in the second quarter of 2018.

## **3. District Economy**

### Employment

The June non-farm payroll employment report from the Bureau of Labor Statistics showed that U.S. payrolls grew slightly below expectations, rising by 208,000 employees for the month compared to consensus expectations of a 213,000 gain. Revisions to non-farm payrolls in April and May resulted in a higher employee gain of 40,000, with April showing a gain of 175,000 compared to the initial 159,000, and May showing an increase of 268,000 versus 244,000. As of June 2018, the three-month moving average of payroll growth was 217,000, while the six-month moving average stood at 218,000.

Within the 208,000 increase, education and healthcare rose at the fastest pace, adding 67,000 jobs in June. Professional services advanced 47,000 jobs from the prior month, and leisure and hospitality added 28,000 jobs to payrolls. Retail trade was the only sector to post a negative contribution, decreasing by 42,000 jobs in June.

Based on the Bureau of Labor Statistics Job Openings and Turnover Survey, 3.5 million people quit their jobs in June, a 0.09% decrease for the month, keeping the quits rate unchanged at 2.3% for the fourth straight month. By region, the quits rate edged higher in the Midwest, remained unchanged in the Northeast, and inched lower in the South and West, keeping the layoffs and discharges rate steady at 1.1%. The accelerating quits rate indicates workers are confident that if they leave their job they can easily find another at higher pay.

In particular, Illinois added 54,400 jobs to payrolls in June 2018, a 0.95% increase from twelve months ago. Construction increased 3.2%, transportation and warehousing rose 3.24%, and financial activity rose 4.28% from one year ago. On the other hand, employment in the mining and information industries slipped 2.53% and 4.12% respectively over the past year.

Likewise, Wisconsin payrolls grew 1.03% year-over-year as of June 2018, according to the U.S. Bureau of Labor Statistics. By industry, employment in construction increased 5.04%, the mining and logging sector expanded 4.55%, and manufacturing rose 4.00%. Slightly offsetting

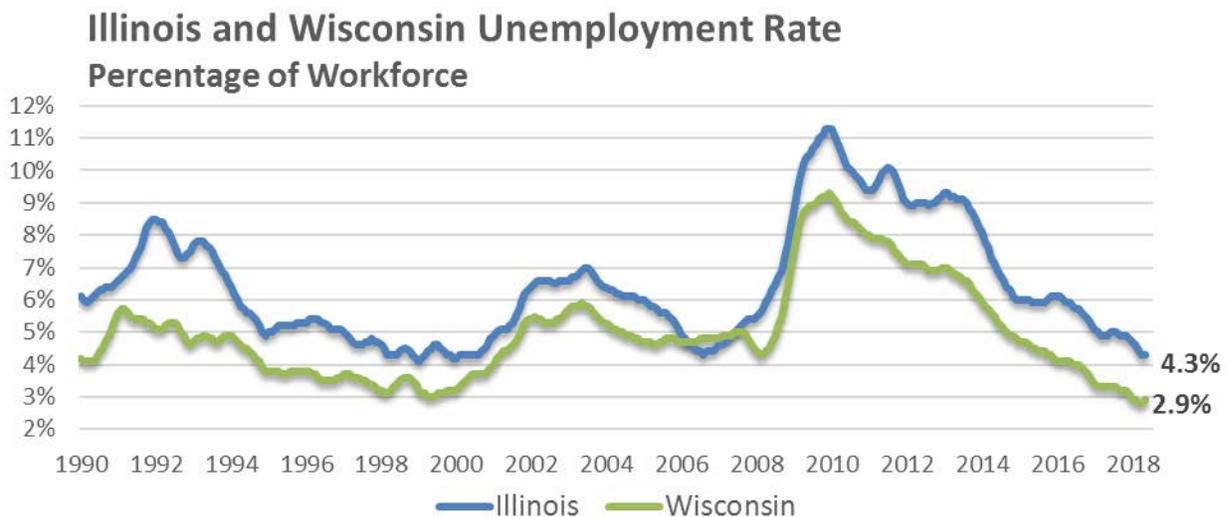
the declines, retail trade contracted 0.71%, financial activity declined 1.96%, and information decreased 3.14%.

As the unemployment rate hovers near its post-recession low, Illinois and Wisconsin payrolls continue their upward trend. This suggests a large number of people are entering the labor force. This is a positive sign for the labor market and economic growth. While payroll growth has improved in both Illinois and Wisconsin over the last several years, both states lag behind their neighbors. Indiana, Michigan, and Minnesota have all seen larger gains in payrolls since 2011.

Unemployment

Throughout the recovery, Wisconsin has been showing improving employment figures, a lower unemployment rate, and an increase in non-farm payrolls. In contrast, Illinois has continued to suffer from stagnant wage growth, and more volatility in year-over-year change in non-farm payrolls in all metro areas. However, in recent months, the Wisconsin and Illinois tales have started to move in tandem.

The unemployment rate in Wisconsin has been below that of both Illinois and the nation during the recession and subsequent economic recovery. Illinois has seen a decrease in unemployment from 4.9% in June 2017 to 4.3% in June 2018. This marks its lowest jobless rate since September 2016, when it was also 4.3%. The unemployment rate in Wisconsin has consistently fallen since 2009. The rate stood at 2.9% as of June 2018, its fifth consecutive month below 3%.



Source: U.S. Census Bureau

Despite unemployment rates remaining high in most metro areas of Illinois, the Danville metro area has one of the highest jobless rates in Illinois, according to the U.S. Bureau of Labor Statistics. Danville’s unemployment rate was 6.0% as of June, 0.3 percentage points lower than one year ago. Most metropolitan areas have seen improvement in the last year, with Chicago’s unemployment rate falling at the fastest year-over-year pace.

Wisconsin metro areas have seen steady improvement in unemployment in recent months. The Eau Claire, La Crosse, Janesville, and Racine areas have shown the largest drop in unemployment in the past 12 months out of all MSAs in Wisconsin. As of June 2018, Madison has the lowest Wisconsin metro area unemployment rate at 2.8%, while Racine has the highest at 4.1%.

### Population and Demographics

According to the February 2018 State of Illinois Forecast Report, “The state’s demographics present it with another challenge, as an aging population coupled with a trend toward fewer workers hamper job and income gains, which are forecast to be below average over the extended forecast horizon.” The report notes that low population growth is one of the strongest headwinds affecting the state. Based on 2017 Census data, population in Illinois decreased for a fourth straight year.

In 2017, American Community Survey (ACS) One-Year Estimates for the District showed that median household income rose to its highest measurement since record keeping began for this statistic in 2005. Median household income in the U.S. increased 2.6% to \$60,336 in 2017. By state, median incomes were higher than the U.S. median in 18 states, three were similar to the U.S. median, and the remaining 29 states were lower than the U.S. median. Illinois’ median income was above the U.S. median at \$62,992/4.4%; Wisconsin was below the median at \$59,305/ (1.7%).

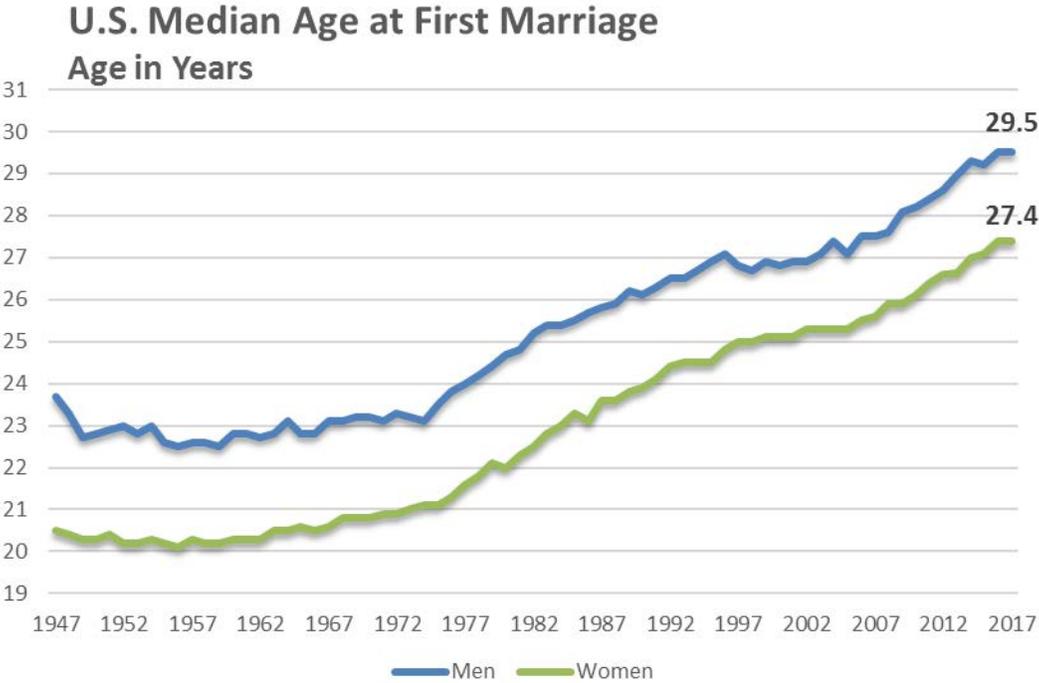
## **4. District Housing Trends**

### Housing Units

According to the U.S. Census Bureau, housing starts increased to an annualized, seasonally adjusted level of 1.177 million in June 2018, which is much better than the all-time low of 478 thousands units in 2009, but still lagging the all-time high of 2.273 million units in 2006. Housing starts have been volatile since 2013 and are down 3.9% year-over-year. Historically, there has been a high correlation between an improving labor market and rising housing start levels. A lower level of housing starts relative to housing demand for the last few years has reduced the overall supply of homes. According to the National Association of Realtors, the supply of existing homes is 4.3 months’ of supply in June 2018. This is significantly less than the 11.9 months’ of supply during the last recession. Six months of supply is considered a healthy inventory of homes to satisfy demand.

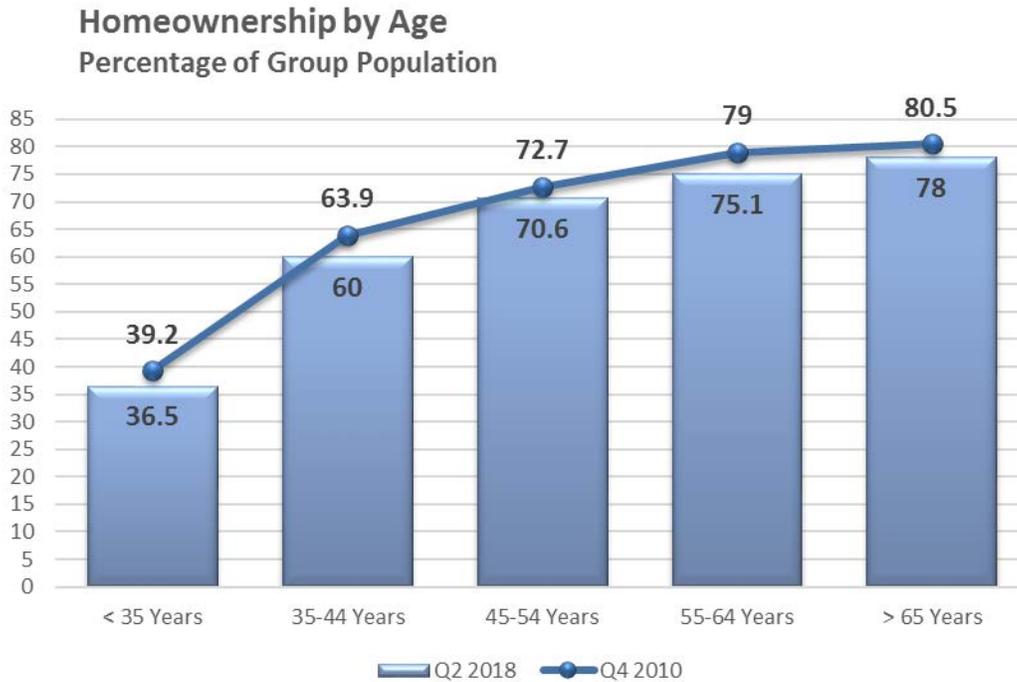
Data from the U.S. Census Bureau show household formation has been slow in recent years due to the rising age of couples entering first marriages and weak consumer finances following the

recession. The U.S. median age at first marriage is 29.5 for men and 27.4 for women as of 2017, unchanged from the previous year.



Source: U.S. Census Bureau

The homeownership rate continues to be highest among older home owners. However, the trend may start to move downward as Baby Boomers retire and opt to rent. Moreover, homeownership rates are likely to remain low for Millennials due to the high burden of student debt. By region, homeownership rates are mostly evenly distributed. However, both the Northeast and the West remain below the United States average in the second quarter of 2018 according to Freddie Mac data. Further, Freddie Mac data reflects that mortgage rates are trending higher after declining in 2017. For the week ending June 28, the 30-year fixed mortgage rate was 4.55%, remaining north of 4.5% since late April.



Source: U.S. Census Bureau

### Home Sales and Median Home Prices

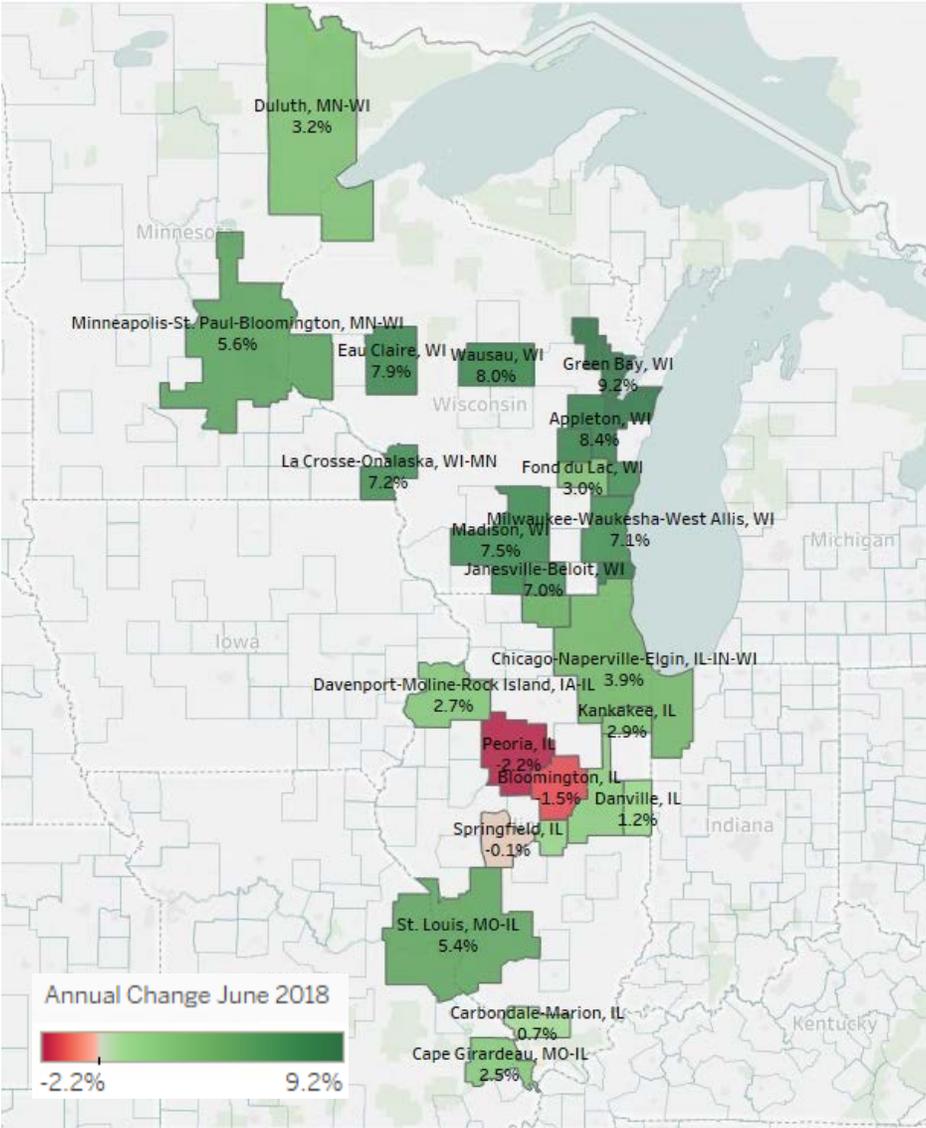
Existing home sales, which account for the vast majority of total home sales, increased to 5.38 million in June 2018. By contrast, the number of existing homes for sale totaled 1.93 million in June 2018, a modest decline of 0.5% from one year ago. While mortgage rates continued to shift higher, existing home sales declined 2.2% year-over-year. Rising mortgage rates could slow home buying in upcoming months.

The June S&P Case-Shiller Home Price Index showed that home prices are up 6.3% year over year. However, most gains remained in the South and West, which were the areas hardest hit by the housing bubble. Las Vegas, Seattle, San Francisco, and Los Angeles reported the highest annual gains among the 20 cities in June. Las Vegas rose at the fastest pace, jumping 13.0% year over year. Closely following, Seattle was up 12.8% and San Francisco rose 10.7%.

By metropolitan area in Wisconsin, Madison and Milwaukee saw a housing bubble similar to other Wisconsin metropolitan statistical areas (MSA), though the decline was less severe. Green Bay, Eau Claire, and Appleton are leading the state in year-over-year home price gains, well above the state average of 6.8%, according to Freddie Mac data.

In Illinois, the Chicago area saw a larger housing bubble compared to other Illinois MSAs, and the decline was more severe. Most major Illinois metropolitan areas have experienced increased home prices in recent months. Rockford area home prices have increased at the fastest pace,

rising 5.1% as of June 2018. Home prices in Chicago have risen 3.5% from one year ago. See the Illinois and Wisconsin Metro Area Home Price map below:



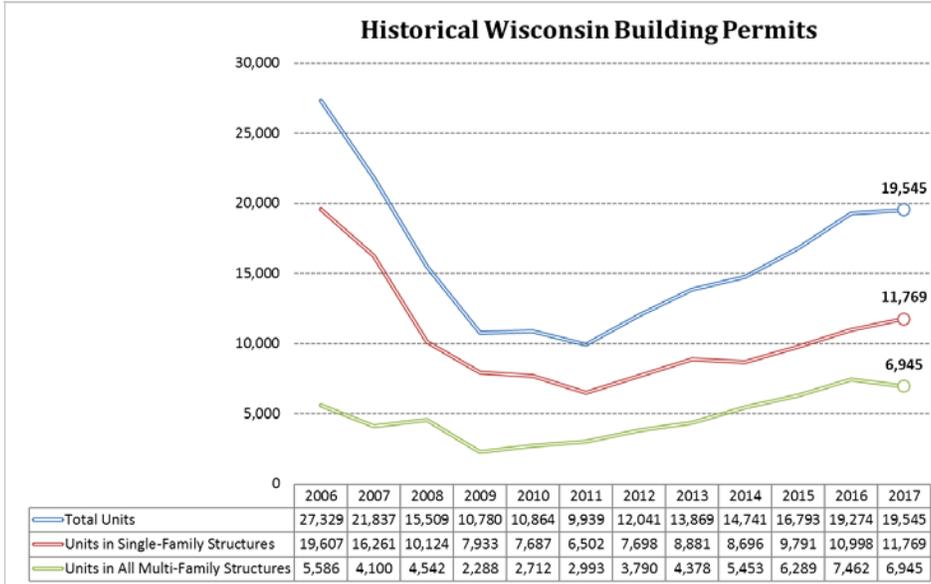
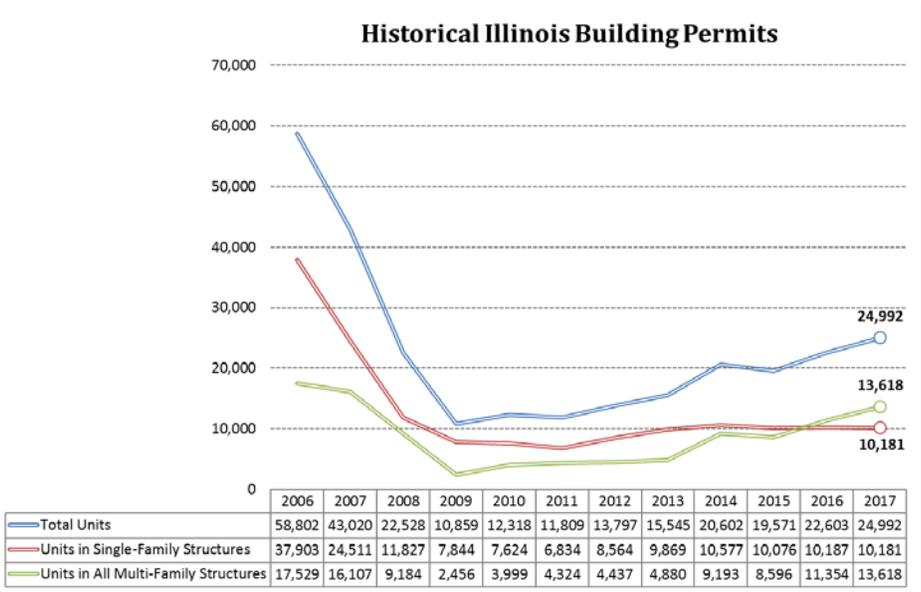
Source: Freddie Mac

Building Permits

Between 2016 and 2017, the U.S. Census Bureau reported that building permits for single-family and multi-family projects in the District increased from 41,877 to 44,537. Despite this increase in permits, building permit levels in both Illinois and Wisconsin have not rebounded to pre-recession levels established in the mid-1990s.

According to the U.S. Census Bureau, building permits in June totaled 1,273,000 nationally (seasonally adjusted annual rate). This is 3.0% below the June 2017 rate of 1,312,000.

Building permit data from the Census Bureau shows that new, authorized privately owned housing units totaled 170,000 in the Midwest in June 2018. Illinois had the highest number of permits at 24,992 at the end of 2017 compared to 22,603 at the end of 2016. Multi-family building permits made up the majority of the total. Despite the recent uptick in Illinois building permits, 2017 levels remain well below pre-recession levels, when building permits totaled 47,709 in 2005, as well as pre-housing bubble permit totals of 47,467 in 1995. Meanwhile, Wisconsin totaled 19,545 building permits. Unlike Illinois, the majority, or 60%, of Wisconsin building permits are due to single-family units. Building permit activity in Wisconsin following the last recession has not suffered as severely as in Illinois. See Illinois and Wisconsin Historic Building Permits charts below:



Source: Bureau of Labor Statistics

## **B. District Access to Affordable Financial Products and Services**

### **State-Level Programs and Policy**

#### **1. Illinois**

Funding for affordable housing continues to be constrained in Illinois. Recent changes to corporate tax policy at the federal level have reduced financial institutions' incentives to finance housing developments through the Low Income Housing Tax Credit (LIHTC) program, potentially limiting affordable housing development nationwide. Additionally, federal funding to the HOME program has recently faced drastic cuts, reducing Illinois' annual funds by over 40%. IHDA continues to receive requests for both the HOME and Affordable Housing Trust Fund (AHTF) programs in excess of available funds.

IHDA's 2018 Annual Comprehensive Housing Plan focuses on the state's most urgent affordable housing challenges, and identifies top-priority needs including reducing development costs; improving energy efficiency and sustainability; providing supportive housing and expanding housing accessibility; and bolstering local foreclosure recovery and community revitalization efforts. The Agency's 2018 focus areas provide strategies to address these challenges, with an emphasis on collaborative planning and policymaking efforts.

#### **2. Wisconsin**

Wisconsin has seen a recent expansion in affordable housing funding sources. In 2017, it began receiving funding awards through the National Housing Trust Fund (NHTF), and in 2018, Wisconsin passed legislation creating a Low Income State Housing Tax Credit program. These sources, in conjunction with federal LIHTC incentives and state historic tax credits, will allow Wisconsin developers to continue expanding affordable housing state-wide, despite the cuts at the federal level mentioned above.

WHEDA's 2019-2020 Qualified Allocation Plan (QAP) prioritizes goals similar to those pursued by IHDA, including increasing the supply of affordable housing to very-low-income families, senior citizens, veterans, and those requiring supportive services; reducing development costs and using tax credit programs efficiently; developing affordable housing in high-opportunity areas; and aligning efforts with housing plans created at the state and local level.

## **C. Small Business Activity**

### **1. National Trends**

As of August 2018, American small businesses are experiencing unprecedented growth – so much that the NFIB Small Business Optimism Index reached its highest level since 1983 (108.8 in 2018 versus 108.0 in 1983). In August 2018, twenty-six percent of small businesses surveyed reported having a plan to expand employment at their firm, and 21% reported plans to raise worker compensation. The positive growth seen in the small business community is, in part, due to tax and regulatory changes recently implemented at the federal level; however, an unprecedented 25% of small businesses reported the difficulty of attracting qualified employees to fill positions as their most pressing business problem, alluding to larger deficits in employment readiness and labor training nationwide.

While the national small business climate and small business profits are currently strong, survey respondents in August 2018 reported a slight decline in investment spending, particularly on new equipment or vehicles (39% and 22% of respondents, respectively). Seventeen percent reported paying higher rates on their most recent business loan, with an average interest rate of 6.1% on short-term loans. The number of small businesses reporting higher interest rates aligns with recent changes at the Federal Reserve and is at its highest level since 2007. While few (3%) respondents reported an inability to access credit in the August 2018 survey, a Federal Reserve Bank of Chicago small business survey from 2016 found that lack of access to capital was inhibiting small business growth, particularly for small firms. Thirty-one percent of small businesses surveyed in 2016 reported unmet financing needs, with many small business owners leveraging their own personal finances and credit scores to acquire business funding. This gap, in addition to rising interest rates, may create a market for the Bank's programs that provide capital at lower rates, particularly those that provide funding for investment spending or labor training. *(Sources: NFIB Small Business Economic Trends, August 2018; Small Business Credit Survey, 2017, Federal Reserve Bank of Chicago)*

## **2. District Trends**

Both Illinois and Wisconsin are home to numerous small businesses that have a large impact on state economies. According to the Kauffman Index of Main Street Entrepreneurship, Wisconsin ranks second in the nation for large-population states with a strong small business presence. The index is calculated from the percentage of the state's adult population who own their own business; the 5-year survival rate of new businesses; and the established small business density (or the ratio of established small-employer businesses within total state-wide employer firms) in each state.

In 2016, 6.46% of Wisconsin's adult population owned their own business as their primary job. Wisconsin has a strong established small business density, with 704.3 established small businesses per 1,000 firms. (Established small businesses are businesses that are at least five years old and employ between 1 and 50 employees.) Of all business startups in Wisconsin, 50.77% survive for at least five years. Wisconsin is also highly ranked for the number of woman-owned small businesses.

According to the Kauffman Index of Main Street Entrepreneurship, Illinois ranks tenth among large-population states for small business presence, with 5.49% of adults owning their own business. The established small business ratio is 672.7 per 1,000 firms, and business startups have a 50.14% rate of survival over five years. Additionally, small businesses employing fewer than 50 employees were responsible for 75% of net new job creation in Illinois in 2016. Between 2011 – 2016, small businesses employing up to 500 individuals were responsible for 79% of net new job creation state-wide (U.S. Bureau of Economic Analysis, cited in Berg 2017).

	Wisconsin	Illinois
Rate of Business Ownership	6.46%	5.49%
Established Small Business Density (per 1,000 firms)	704.3	672.7
Five-Year Business Survival Rate	50.77%	50.14%

*Source: The 2016 Kauffman Index of Main Street Entrepreneurship: State Trends, November 2016; Berg, Austin. Small Businesses are Illinois' Lifeblood, but they're treated like dirt. Illinois Policy, November 22, 2017.*

**D. Community Development Financial Institutions (CDFI)**

CDFIs are private-sector, financial intermediaries with community development as their primary mission. The CDFI industry has grown and transformed over its more than 20-year history to be an important resource in providing access to affordable financial products and services that meet the unique needs of economically underserved communities. There are six basic types of CDFIs: community development banks, community development loan funds, community development credit unions, microenterprise funds, community development corporation-based lenders and investors, and community development venture funds.

**1. Primary Sources of Funding**

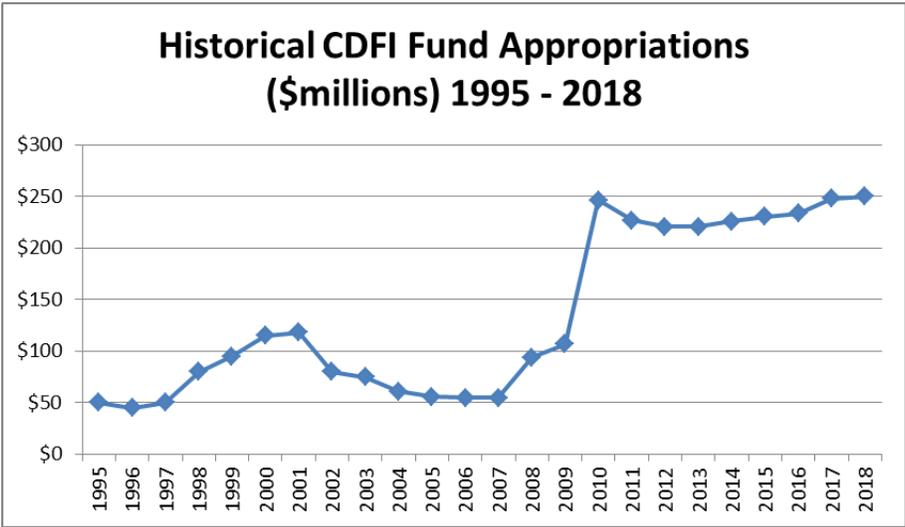
CDFIs are private sector-organizations that attract capital from both private and public sources. Private sector funds come from sources such as corporations, individuals, religious institutions, and private foundations. Depository CDFIs (like community development banks and community development credit unions) get capital from customers and non-member depositors. CDFIs also work in partnership with conventional financial institutions to channel private investment into distressed communities, either through direct investment in the CDFI or through coordination of lending, investment, and other services.

Membership in the Federal Home Loan Bank system also provides non-depository CDFIs with access to long-term funding and community investment programs, which can support their housing and economic development mission in low- and moderate-income communities. The Bank further supports non-depository CDFIS, members and non-members, through its

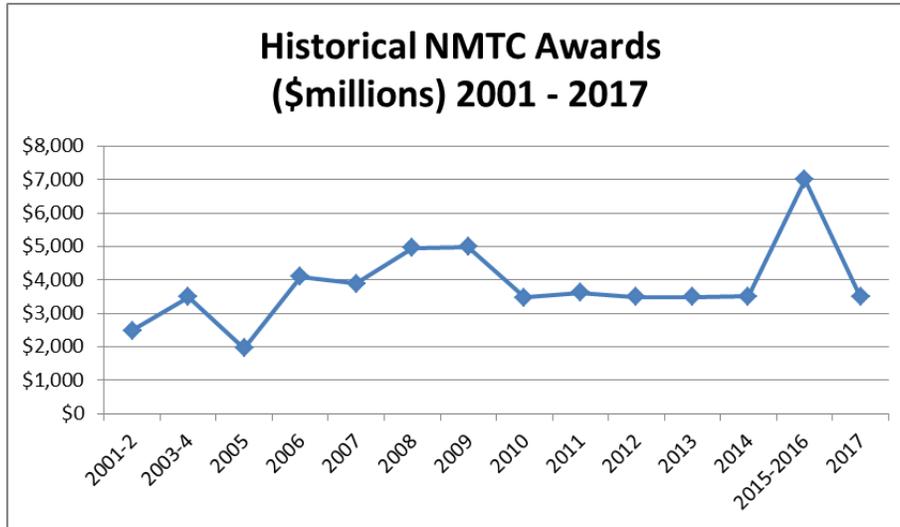
Community First<sup>®</sup> Fund, a revolving loan fund providing capital to community development intermediary organizations, and its Community First<sup>®</sup> Capacity-Building Grant program, which offers financial support to strengthen the financial position, operational efficiency, and/or human capital of nonprofit lenders.

Based on Federal Housing Finance Agency data as of December 31, 2017, non-depository CDFI membership in the system has increased slightly from 45 in 2016 to 48 in 2017. Total outstanding advance balances were approximately \$121.7 million in 2016, increasing to \$161.7 million in 2017. (Source: *2017 Low-Income Housing and Community Development Activities of the Federal Home Loan Banks*).

A crucial source of support for CDFIs is the federal CDFI Fund, administered by the Department of the Treasury. The CDFI Fund makes capital grants, equity investments, and awards to fund technical assistance and organizational capacity-building. The New Markets Tax Credits Program, initiated in 2002 and administered by the CDFI Fund, encourages private sector investment by offering tax credits for qualified community development investments. CDFIs use the money awarded through CDFI Fund programs to leverage private-sector resources into distressed communities. (Source: *CDFI Coalition*)



Source: *CDFI Coalition (data points)*



Source: CDFI Fund (data points)

## 2. District Impact

Based on CDFI Fund data as of August 31, 2018, there are 1111 certified CDFIs nationally. Illinois has 35 CDFIs (12 non-depository and venture capital funds), and Wisconsin has 22 CDFIs (14 non-depository loan funds). District CDFIs that have been awardees of the CDFI Fund have been able to deploy \$1.3 billion in loan proceeds for 10,255 loans and \$1.02 billion for 162 projects in New Markets Tax Credit investments in Illinois and \$1.5 billion in loan proceeds for 19,883 loans and \$1.4 billion for 211 investments in New Markets Tax Credits in Wisconsin.

## 3. Priorities

In order for CDFIs to continue to support economic opportunity in underserved markets, several federal policy priorities are being monitored. This includes maintaining appropriations from the federal government at current levels to finance award programs, continuing funding of the CDFI Bond Guarantee Program guarantee authority, authorizing the New Markets Tax Credit program permanently with expanded access to CDFIs, as well as increasing access to other federal programs.

## III. Initiatives for 2019

The FHLBank System plays an essential role by helping member institutions meet the credit needs of communities everywhere in all economic cycles. These activities positively impact local, regional, and national economies, including job retention and creation, revenues, labor income, GDP, and tax revenues.

The Bank's products and services described below assist our members in providing credit and financial services for the families, businesses, and communities they serve, particularly those that are the most disadvantaged and underserved.

## **A. Affordable Housing Programs ("AHP")**

### **1. Competitive Affordable Housing Program**

Members may apply for funds on behalf of community projects, which the Bank awards through a competitive process. Member institutions are encouraged to work with not-for-profit organizations, for-profit entities, tribal governments, and public agencies in developing AHP applications for the acquisition, construction, and/or rehabilitation of rental or owner-occupied housing.

The Bank prioritizes projects that address market needs by awarding points in the competitive program that include the following activities:

- Elimination of blighting influences through the development of foreclosed and vacant properties;
- Support of homeownership;
- Preservation of existing rental and owner-occupied housing;
- Development and/or preservation of permanent supportive housing;
- Development of projects of 24 or fewer units;
- Development of projects with units of three or more bedrooms.

Over the past five years (i.e., 2013-2017), the Bank has awarded nearly \$139.8 million to construct, rehabilitate, and/or acquire 14,387 housing units. Of the total awarded, \$57.2 million went to 116 projects in Illinois, while \$73.7 million went to 179 projects in Wisconsin. The remaining \$8.7 million was awarded to 18 projects outside of the Seventh District.

The 2018 competitive round has an allocation of approximately \$25.1 million compared to \$24.6 million in 2017. For 2018, 91 applications were submitted by 45 members and 63 sponsors. The applications requested \$51.8 million in AHP subsidy to construct, rehabilitate, and/or acquire 4,747 housing units. Reviews are ongoing as of the writing of this plan.

<b>2019 AHP</b>
<b>Qualitative Goal</b>
Complete internal review of AHP applications in a timely manner and announce awards in the fourth quarter.
<b>Diversity and Inclusion Metric</b>
Number of members with submitted applications.

**2. Set-Aside**

Downpayment Plus<sup>®</sup> and Downpayment Plus Advantage<sup>®</sup> (collectively, “DPP<sup>®</sup>”) offer members easy-to-access down payment and closing cost assistance programs for low- and moderate-income home buyers.

Since 2013, the DPP program has assisted 13,977 households with down payment grants totaling \$87.4 million. Over that period, homebuyers received \$52 million to purchase a home in Illinois and \$30.2 million to purchase a home in Wisconsin. The remaining \$5.1 million assisted households purchasing a home outside of the District.

A total of 297 members have enrolled in 2018 (as of this writing), an increase from 261 in 2017. Demand for DPP was steady in 2018; utilization of all funds will result in approximately 3,094 households assisted.

<b>2019 DPP</b>
<b>Quantitative Goal</b>
207 members with submitted reservations.
<b>Qualitative Goal</b>
Support efforts to increase operational efficiency and ease of use.
<b>Diversity and Inclusion Metric</b>
Number of members with submitted reservations.

**B. Community Advances and Letters of Credit Program**

The Community Advances program offers discounted advances and standby letters of credit to fund affordable housing development for low- and moderate-income

households, and to help develop and revitalize communities. As a result of the discount, the member and its customer may realize an interest rate savings that lowers the overall cost of the transaction.

Since 2013, Community Advances have totaled \$3 billion, which consists of over \$698 million in economic development advances, \$1 million for mixed use and \$2.3 billion for affordable housing. The majority of economic development projects submitted over the past five years have been commercial and agricultural. For housing, Community Advances have supported 23,461 housing units, including 19,365 owner-occupied units and 4,096 renter-occupied units with 27.6% supportive units at or below 50% AMI.

Illinois Community Advances activity since 2013 totaled \$822 million, which consisted of \$599 million for economic development and \$223 million for affordable housing advances. The largest categories of projects qualifying for economic development included commercial and agricultural. For housing, Community Advances have supported 5,204 housing units, including 1,777 owner-occupied units and 3,427 renter-occupied units with 54.6% supportive units at or below 50% AMI.

Wisconsin Community Advances activity since 2013 totaled \$2.2 billion, which consisted of \$99.4 million for economic development and \$2.1 billion for affordable housing advances. The largest categories of projects qualifying for economic development included commercial and agricultural. For housing, Community Advances have supported 18,257 housing units, including 17,588 owner-occupied units and 669 renter-occupied units with 18% supportive units at or below 19.9% AMI.

In response to the growth in small businesses and higher rates on most business loans, the Bank enhanced the Community Advances program by offering a new Community Small Business Advance in July 2018. Members can access this advance with zero percent financing to support small business lending in low- to moderate-income communities within Illinois and Wisconsin. The Bank requires that this cost-of-fund savings be passed down to the member's customer by limiting the rate that a member can charge on the underlying business loan. Members have responded favorably to the program. The program will be evaluated annually based on member use and recommendations.

Community Investment continues to be a resource for the Members and Markets Institutional Sales team. Community Investment staff, in conjunction with Sales Directors, provide members an overview of Community Advances program advantages as well as guidance on specific transactions.

2019 Community Advances
<b>Quantitative Goal</b>
25 members with approved application, inclusive of Community Small Business Advance (considered CIP non-housing).
<b>Qualitative Goal</b>
<ul style="list-style-type: none"> <li>• Identify opportunities for targeted outreach to expand program awareness and knowledge exchange in support of program utilization.</li> <li>• Support efforts to increase operational efficiency and ease of use for advance products.</li> </ul>
<b>Diversity and Inclusion Metric</b>
Number of members with approved applications.

**C. Voluntary Programs**

**1. Community First<sup>®</sup> Fund (“Fund”)**

In January of 2012, the Bank began the planning phase for a new revolving loan fund, which was charged with the mission of providing access to capital that supports meeting economic development and affordable housing needs in communities within Illinois and Wisconsin. In June of 2014, the Fund was formally implemented with the closing of its first loan. The Fund assists communities experiencing the challenges of market conditions and access to capital that have resulted in an unstable housing market and loss of jobs. It is intended to provide opportunities to support housing markets, business development, and expansion that will result in more vital, sustainable communities.

The strategy for the Fund is to provide capital financing to community development intermediary organizations (“partners”) through longer-term, unsecured loans. The Bank uses the Fund to provide flexible financing solutions to partners that, in turn, finance or invest in affordable housing, commercial real estate, community facilities, or businesses. This strategy leverages the expertise and deep knowledge of partners working in, and with, the diverse communities in the District. Partners may include community development financial institutions, community development loan funds, or state housing finance agencies. Community development intermediary organizations working at the regional and national levels, which have a footprint in the District, may also be eligible. Member involvement is a critical objective, but not

necessarily a determining factor. Geographic distribution is weighed, although the Bank has put greater emphasis on need and impact.

The Fund’s critical objectives are to maximize community impact, achieve a member nexus, support partner and member opportunities in rural, urban, and suburban areas, and promote the Fund’s impact and achievements to the Bank’s members and the communities they serve.

The Bank began the evaluation and selection of partners through a request for information in the fall of 2012. This was followed by a request for proposal in the spring of 2013. Initial proposals were reviewed throughout 2013 and 2014. This included the underwriting and eventual funding of the first loan partner in June 2014. The Bank continues to review submitted proposals and solicit new candidates that meet the objectives of the Fund. As of June 30, 2018, the Bank had committed \$45 million to nine partners, with approximately \$22.5 million being deployed in Illinois and \$19 million in Wisconsin to support affordable housing projects, small business entrepreneurs, and community initiatives in local neighborhoods. Current partners include organizations working exclusively in Illinois or Wisconsin, as well as regional and national organizations utilizing Fund proceeds in the District.

The continued pace of Fund implementation, partner selection, underwriting, and funding will be governed by safety and soundness.

<b>2019 Community First® Fund</b>
<b>Qualitative Goal</b>
Continue to evaluate candidates governed by safety and soundness.
<b>Diversity and Inclusion Metric</b>
Number of members participating with CFF partners (member nexus).

## 2. Community First® Capacity-Building Grant Program

The Bank launched a new voluntary program in 2017 to support the growth of nonprofit, non-depository lending institutions supporting affordable housing and economic development in Illinois and Wisconsin. After research and discussions with community development lending institutions, it was determined that the Bank, through its members, can best support these efforts by providing community development intermediary organizations with grants to support their operational capacity.

Eligible uses of Community First Capacity-Building Grants include:

- Market research to expand existing programs
- Professional development of staff
- Creation or expansion of a strategic plan for the organization
- Improvement of lending policies and procedures
- Enhancements to management and information systems
- Improvements to lending portfolio and financial reporting
- Development of mission-related outcomes reporting

Only nonprofit lenders in the Bank’s district of Illinois and Wisconsin are eligible for consideration. Evaluations are based on each organization’s mission, strength, and strategy to increase community development lending within Illinois and Wisconsin, and proposed uses for the grant funds.

Through its member financial institutions, the Bank provided grants to help qualifying nonprofit community development loan funds, community development financial institutions, and community development corporations with lending programs build their financial, operational, and human capital. In 2017, \$250,000 was granted through this program to six nonprofit lending organizations in Illinois and Wisconsin. In 2018, \$250,000 was granted through this program to seven nonprofit lending organizations in Illinois and Wisconsin.

<b>2019 Community First<sup>®</sup> Capacity-Building Grant Program</b>
<b>Qualitative Goal</b>
<ul style="list-style-type: none"> <li>• Solicit, evaluate, and award non-profit community development financial institutions with financial support to enhance operational capacity.</li> <li>• Continue to engage with and support the activities of recipients of the Community First Capacity Building Grant Program.</li> </ul>
<b>Diversity and Inclusion Metric</b>
Number of organizations submitting applications.

### **3. Community First<sup>®</sup> Disaster Relief Program**

The Community First<sup>®</sup> Disaster Relief Program is designed to offer direct disaster relief funding to the Bank’s members and the communities they support. Disaster

relief funding is provided by the Bank and administered directly through member financial institutions to communities in designated disaster areas. Financial assistance is designed to address the specific needs of the District based on the impact of the declared disaster. This includes assistance to homes and/or businesses in the affected communities.

Although an event may be declared a disaster by FEMA, the determination to provide assistance, the nature of the program(s) offered, eligibility requirements, where funds can be utilized, and program availability is governed by the Bank. In the event of a FEMA-declared disaster, funding availability, as authorized by the Bank's Board of Directors, will be announced on the Bank's public website and through targeted communications to members.

The Bank has allocated \$1.5 million to this program since its inception in early 2014. \$500,000 in grants was distributed to support families and businesses that suffered losses across more than a dozen central Illinois communities impacted by tornadoes and severe winds in November 2013. Since then, \$378,000 in grants was distributed to support families and businesses in communities in northern and western Wisconsin, including tribal lands, that suffered losses due to heavy rains and flooding in July and September 2016; another \$52,900 in grants was distributed in 2018 to support communities in southwest Wisconsin that suffered losses to a similar weather event in late 2017.

#### **4. Community First<sup>®</sup> Awards**

The Community First<sup>®</sup> Awards were established in 2009 to recognize outstanding achievement in affordable housing and/or community economic development by a member bank and a partner as they work together to revitalize communities in Illinois or Wisconsin.

The 2018 Community First<sup>®</sup> awards were presented in conjunction with the Bank's regional membership meetings. Awards were made in each of the following categories: Partnership, Project or Program, and Emerging Leader. Nominations will be accepted again in 2019.

#### **5. Community First<sup>®</sup> Newsletter**

Community Investment published the first quarterly edition of the Community First<sup>®</sup> newsletter in October 2008.

The Bank began publishing the newsletter bi-monthly in 2013 and will continue to do so through 2019. It will be electronically distributed to over 6,500 interested parties,

and will continue to feature program updates and guidance; information about the Community Investment Advisory Council; groundbreaking and ribbon cuttings; and community development trends within the District.

## **D. Other Community Programs**

### **1. Financing to Small Business Investment Companies**

The Bank partners with the SBA in providing "Just-in-Time" funding to over 300 Small Business Investment Companies ("SBICs). Through the "Just-in-Time" funding program, the Bank makes bridge financing available to SBICs in support of their small business initiatives until longer-term financing can be arranged by the SBA. The SBIC securities purchased by the Bank are guaranteed by the SBA, which carries the full faith and credit of the U.S. Government.

The Bank also worked with the SBA in the development of the Low- and Moderate-Income ("LMI") Debenture Program. Through this program, the Bank provides long-term funding to SBICs that invest in, and provide management expertise to, small businesses that operate in low- and moderate-income areas, or that provide employment opportunities to low- and moderate-income individuals. LMI debentures are privately placed with the Bank, are guaranteed by the SBA, and have payment and prepayment features customized to assist the SBIC. These securities have a term to maturity of 5 or 10 years.

In 2009, the Bank added an investment program for SBA 10-year Rural Business Investment Company ("RBIC") debentures. The Rural Business Investment Program ("RBIP") is a joint initiative between the USDA and the SBA. The RBIP was created to promote economic development and job creation in rural areas. The 10-year RBIC debentures have a similar structure to the 10-year LMI debentures.

In 2012, the Bank signed new agreements with the SBA to add Energy Saving Debentures and Early Stage Debentures to the LMI Debenture Program. The purchase of these securities by the Bank provides long-term funding to new types of small businesses operating in the energy field and providing start-up capital funding at a very early stage in a new business's development. These securities are structured similarly to the LMI debentures and are also guaranteed by the full faith and credit of the U.S. Government.

In 2013, the Bank added the Early Stage SBIC program to the current product mix. The Early Stage program was initiated to address seed/early stage investment gaps.

There are two types of Early Stage debentures: Discount (first five years are discount, and par after) and Standard (no discount or lockout period). Payments are quarterly.

## **2. Financing to SBA New Market Venture Capital Companies**

The Small Business Administration's (SBA) New Market Venture Capital ("NMVC") Program is designed to offer long-term funding assistance to NMVC companies and specialized SBICs that provide equity capital investment and operational assistance to small business enterprises located in low-income rural and urban areas of the country. At the SBA's request, this program incorporates a funding structure that replicates that employed in the LMI Debenture Program, with the exception that all NMVC debentures have a 10-year term to maturity. At this time, the NMVC program is no longer active for new funding.

## **3. IHDA and WHEDA Stand-By Bond Purchase Facilities, Long-term Bond Investments**

Illinois Housing Development Authority (IHDA) and Wisconsin Housing and Economic Development Authority (WHEDA), both housing associate members of the Bank, issue variable-rate bonds in the capital markets to raise funds to make mortgage loans to low- and moderate-income households. In the event that a bondholder does not wish to continue to hold the bond during the variable-rate period, it has the right to tender the bond to a remarketing agent, which attempts to sell the bond to another investor. The market for these bonds is such that, if the remarketing agent is unable to remarket the bond, either temporarily or permanently, then another investor must step in to purchase the bond.

Under the standby bond purchase facilities into which the Bank has entered with IHDA and WHEDA, respectively, the Bank agrees to purchase bonds that have not been remarketed within the allotted time. The Bank holds such bonds while the remarketing agent continues its remarketing efforts. If such efforts are unsuccessful, the Bank holds the bonds for a period of five years, receiving interest and semi-annual principal payments.

In late 2014, the Bank was approved to purchase bonds issued by IHDA and WHEDA as long-term investments. This enables the Bank to support their affordable housing missions by assisting in the stabilization of housing sectors and by providing consumers with access to affordable housing and housing finance. The bonds issued by IHDA and WHEDA will assist homebuyers in Illinois and Wisconsin in

purchasing a first home, and also assist housing developers with building or rehabilitating multi-unit affordable housing developments. The bonds will provide the Bank with highly rated, core-mission-activity investments that are directly related to residential units located in the District.

#### **4. Government-Insured or Government-Guaranteed Loans**

The Bank's MPF<sup>®</sup> Government and MPF<sup>®</sup> Government MBS products provide its members with an alternative to holding mortgages in their portfolios that are insured or guaranteed by government agencies or selling them to other secondary market investors. Government mortgages eligible for delivery include fixed-rate mortgages under the following programs: FHA, VA, and Rural Development Section 502. HUD Section 184 loans are also eligible under the MPF Government product. Interest rate and prepayment risks for loans sold under these products are transferred to the Bank, and the member institution may choose to service the mortgages or sell the servicing. Offering secondary market solutions for government-guaranteed and government-insured mortgages constitutes yet another way the Bank pursues its mission of assisting members with providing affordable housing financing in their communities.

On June 18, 2018 the Bank became the first FHLBank to offer Low Loan Balance Loans as a new pricing option under its MPF Traditional product suite. Under this new option, PFIs can create delivery commitments comprised of loans within the following five delivery options: <=85k, <=110k, <=125k, <=150k, <=175k. In addition, a sixth new grid is available at <=200k for fixed-rate, thirty-year term mortgages only. These new pricing grids allow members to receive an improved price or "pay-up," making this an attractive new secondary market solution that is consistent with the Bank's mission to assist member liquidity for various loan programs.

### **E. Other Activities**

#### **1. Community Support**

Each year the Bank informs members and housing and community economic development organizations about the CICA financing program, affordable housing grant programs, and other Bank activities that enable members to engage in community lending and meet the FHFA Community Support requirements. When requested, staff is also available to provide guidance on the utilization of Bank products and other resources to improve first mortgage lending and otherwise support

positive Community Reinvestment Act (“CRA”) exam results. Notification is provided using the following methods:

- Press releases
- Special mailings
- FHLBC Annual Report
- Bank publications, including the Community First<sup>®</sup> bi-monthly newsletter
- The dedicated Community Investment section of the Bank’s website, [www.fhlbc.com](http://www.fhlbc.com)
- Informational seminars and webinars

## **2. Community Investment Advisory Council**

The Community Investment Advisory Council (“CIAC”) consists of up to 15 representatives from community and not-for-profit organizations actively involved in providing or promoting affordable housing and/or community lending activities in Illinois or Wisconsin.

The CIAC meets quarterly with Community Investment staff and representatives from the Bank’s Board of Directors to advise the Bank on ways in which it can better carry out its housing finance and community investment missions; staff also engages CIAC members throughout the year to leverage their expertise on specific topics, including the drafting of this report. One of the CIAC’s quarterly meetings in 2018 was held with the Bank’s full Board of Directors; this was the third annual meeting of its kind. CIAC members serve as ambassadors of the Bank and its programs in their respective communities, often making connections to potential partners and other stakeholders.

One-third of council members’ three-year terms, on a rolling basis, expire annually. Staff solicits nominations from a diverse pool of professionals in an effort to have a CIAC that is well-versed in community development trends and local needs.

## **3. Outreach**

Community Investment builds and maintains relationships with both members and housing and community development organizations. This is achieved through sponsorship of, participation in, and/or attendance at, conferences and other events; sponsor and member visits; and technical assistance and training.

During 2018, Community Investment staff sponsored, exhibited at, and/or presented at 17 industry-related events. Community Investment staff made multiple member

visits during 2018, during which opportunities available through AHP, DPP, and the Community Advances Program were promoted. Lastly, staff attended 20 events and activities that included project groundbreakings and ribbon cuttings, and convenings hosted by members, sponsors, and other industry-related partners.

<b>2019 Outreach</b>
<b>Quantitative Goal</b>
<ul style="list-style-type: none"> <li>• To the extent relevant opportunities present themselves, Community Investment staff will attend (but not sponsor or otherwise participate in) at least 25 industry-related events.</li> <li>• To the extent relevant opportunities present themselves, Community Investment will sponsor, exhibit at, and/or present at a minimum of 18 industry-related events.</li> <li>• To the extent relevant opportunities present themselves, Community Investment staff will attend 5 sponsor or member project-related events (e.g., groundbreakings, grand openings press events, etc.).</li> </ul>
<b>Qualitative Goal</b>
<ul style="list-style-type: none"> <li>• The Community Investment team will continue to support each other, sales directors, and other colleagues' efforts to increase and broaden member awareness and utilization of the Bank's community investment programs.</li> <li>• The Community Investment team will to continue to establish strategic partnerships with financial institutions, community development organizations, and communities to broadly support housing and economic development, particularly that which serves underserved and disadvantaged populations and communities.</li> <li>• The Community Investment team will continue to conduct and support targeted research that monitors emerging needs and solutions for the diversity of our membership, stakeholders, and the communities they serve. With this and our outreach activities in general, we will identify opportunities to serve as trusted advisors.</li> </ul>
<b>Diversity and Inclusion Metric</b>
Number of active outreach activities at events hosted by organizations that serve diverse populations or where the majority of attendees are diverse populations

**4. Technical Assistance and Training**

Staff is available at all times during the year to discuss program requirements and to provide technical assistance as needed. Staffs within Community Investment and other departments actively participate in workshops, seminars, conferences, and other events where their expertise will contribute to the success of the effort.

In 2018, seven land-based training sessions and seven webinars were held to promote awareness of, and familiarity among members and their community partners with, the Community Investment programs. One of the land-based training sessions, the first of its kind, was a workshop held exclusively for members located in southern Illinois. The workshop covered all Community Investment products. Lastly, staff conducted technical assistance site visits to first-time sponsors of awarded homeownership projects.

<b>2019 Technical Assistance and Training</b>
<b>Quantitative Goal</b>
Community Investment staff will host at least 6 land-based training sessions and 7 webinars designed to increase understanding and utilization of the Bank’s community investment products.
<b>Diversity and Inclusion Metric</b>
Number of members that participated in training and related activities.

**5. AHP Program Final Rule**

<b>2019 Implementation of the AHP Program Final Rule</b>
<b>Qualitative</b>
The Bank will evaluate and plan for the implementation of the amended Affordable Housing Program regulations.

**6. Customer Service and Product Delivery**

<b>2019 Customer Service and Product Delivery</b>
<b>Qualitative</b>
<ul style="list-style-type: none"><li>• Evaluate enhancements to reporting that improve programmatic analysis and administration.</li><li>• Community Investment will continue to support the Bank's initiatives to improve operational efficiency.</li></ul>

Approved by the Board of Directors  
on the 13th day of December, 2018  
and amended on the 25<sup>th</sup> day of February, 2019  
by the Affordable Housing Committee of the Board of Directors

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Its Corporate Secretary