



the ahac report



FHLBank Topeka







2017

ahac

chair letter

New was the theme of 2017.

This past year, FHLBank Topeka's Housing and Community Development (HCD) department, with much assistance from the Information Technology department, introduced the Affordable Housing Program (AHP) and the Homeownership Set-aside Program (HSP) application software, called AHP Online and HSP Online.

AHP Online brings efficiencies to the administration of the program, which allowed FHLBank to analyze applications in nearly half the time. In 2017, we awarded $11.5 million, a 64% increase over what was awarded in 2016.

HSP Online allowed us to process 56% more reservations while reducing the average processing time by almost 25%. More than 90% of the $6.3 million allocated to the HSP will be disbursed to more than 1,200 households within the Tenth District, and the remaining non-disbursed amount will carry over to 2018.



The Community Support Statement (CSS) process was new, too, in 2017, moving online like the AHP and HSP. FHLBank staff also got on board with four HCD Specialists receiving new Housing Development Finance Professional Certifications. Two new members joined the Affordable Housing Advisory Council (AHAC). And we prepared for a new adventure – moving into the new FHLBank Topeka headquarters.

While we reflect momentarily to appreciate these successes in 2017, we also look forward to 2018 and beyond. One thing that is not new is FHLBank's continuing efforts to best serve its members, their communities and the affordable housing population.

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table
of contents

1 our programs *page* 4

2 the profiles *page* 6

3 cdp/chp *page* 12

4 about us *page* 16

our

programs



PROGRAM CHART

Breakdown

PROGRAM	USES	BENEFICIARIES	FUNDING	TERMS
Affordable Housing Program (AHP) Owner-occupied and Rental	Gap financing for the acquisition, rehabilitation, or new construction of owner-occupied and rental housing	Households with income at or below 80% of the Area Median Income (AMI)	Grants of up to $750,000 per project $11,522,830 approved in 2017	■ Competitive program ■ Must meet regulatory guidelines and eligibility/ feasibility requirements ■ Must demonstrate need for subsidy ■ 5-year retention period for owner-occupied projects and 15-year retention period for rental projects
Homeownership Set-aside Program (HSP)	Down payment, closing cost and purchase-related repair assistance	First-time homebuyer households in FHLBank's district with incomes at or below 80% of the AMI	Grants of up to $5,000 per household; per member limits may be lifted after Aug. 1 $6,174,333 reserved in 2017 HSP with 1,237 total households	■ Non-competitive program ■ Must meet regulatory guidelines and eligibility/ feasibility requirements ■ 5-year retention period
Community Development Program (CDP)	Financing for qualifying commercial loans, farm loans and community and economic development initiatives	Small businesses, farms, agribusiness, public or private utilities, schools, medical and health facilities, churches, day care centers or other community and economic development projects	Regular, callable and amortizing fixed rate or adjustable rate advances with a minimum amount of $10,000 priced below FHLBank's regular rates $117,436,200 applications approved in 2017	■ Non-competitive; available terms from four months to 30 years ■ Eligibility requirements apply
Community Housing Program (CHP)	Financing for owner-occupied and rental housing	Households earning at or below 115% of the AMI	Regular, callable and amortizing fixed rate or adjustable rate advances with a minimum amount of $10,000 priced below FHLBank's regular rates $57,045,300 applications approved in 2017	■ Non-competitive; available terms from four months to 30 years ■ Eligibility requirements apply
Rural First-time Homebuyer Education Program (RFHEP)	Supporting a community-based delivery system of education that ensures readiness of homebuyers throughout rural areas of FHLBank's district	Statewide homebuyer education coordinating agencies	Grants of up to $18,750 per statewide homebuyer education coordinating agency $75,000 provided in 2017	■ Non-competitive program



the profiles

NEBRASKA PROFILE

Second Act



Maple Manor in Elm Creek, Neb., is scheduled to receive major renovations thanks to an Affordable Housing Program grant.

Grant helps gives senior housing development new life

If at first you don't succeed — schedule a conference call.

Stephanie Else, Executive Director of the Housing Authority in Elm Creek, Neb., learned that lesson in 2016 after she first applied for a grant from FHLBank Topeka's Affordable Housing Program (AHP).

Else was seeking funding for Elm Creek's Maple Manor, a small housing development home to 13 low-income seniors.

"We began exploring the Affordable Housing Program as an option to help us make needed upgrades," Else said, adding that her first application was not selected for one of the highly competitive grants. "I met with the HCD staff, and I was really encouraged by their input. We decided to try again in 2017."

Aided by the conference call and the new AHP Online Application System, which went live in 2017, Else's second application was more successful.

Maple Manor

Nonprofit: Housing Authority of the Village of Elm Creek, Neb.

Sponsor: Firstier Bank

Grant: $337,846 in 2017

In 2017, Maple Manor was awarded a $337,846 grant to fund such upgrades as maintenance-free concrete siding, vinyl trim and a steel roof. Additional improvements will help the accessibility of the complex, including lowering thresholds, adding walk-in showers and creating one unit that is completely handicapped-accessible — a first for Maple Manor.

Shawn Paitz and Karmen Meier at Firstier Bank in Elm Creek sponsored the project.

"Everything worked well with the new AHP Online System," Meier said. "The application process as a member was fluid and easy to complete."

Firstier leadership hopes that this successful grant will be the first of many.

"Now that we know how it works, we hope to team up with other projects down the line to continue to help our community," Paitz said.

And the community, Else said, is thankful for the help.

"Housing authorities, especially in small towns are struggling. Resources like AHP are essential," Else said. "Getting the grant is truly a Cinderella story for our little complex. Our residents deserve a nice place to call home."



Internal and external upgrades are set to begin at the Nellie Bechtel Senior Apartments in Grand Junction, Colo.

Partnership key to project's success

Access to health care and the beautiful climate make Grand Junction, Colo., a popular choice for retirees.

Unfortunately, affordable housing options can't always keep up with the needs of the population. So when the Nellie Bechtel Senior Apartments became available in 2015, the Grand Junction Housing Authority jumped at the chance to buy them.

"It's difficult to find land in a desirable neighborhood at a cost that works for affordable housing," said Jody Kole, CEO of Grand Junction Housing Authority. "Our waiting list has about 3,000 names."

Because the previous owner of the apartments needed to sell quickly, the Housing Authority had to close in less than 45 days. A community financial institution helped make it work.

"Bank of Colorado helped us motor through the deal with a first mortgage and bridge loan," said Kole. "They are a great partner."

Nellie Bechtel Senior Apartments

Sponsor: Bank of Colorado Grand Junction, Colo.

AHP Grant: $725,000 in 2017

Jeff Franklin, market president of Bank of Colorado in Grand Junction, said he turned to FHLBank Topeka for further support.

"We used FHLBank to match fund the loan we made to the Housing Authority," Franklin explained, adding that they also sponsored an AHP application. "We were happy that the grant request was successful, and our local seniors will benefit as a result."

Nellie Bechtel Senior Apartments is a 12-building complex with 96 units for seniors. The AHP grant will bring the 35-year-old development up to date with improvements inside and out, including new HVAC and carpeting, upgrades to the grilling area, garden beds, clubhouse and computer lab.

Because elevators aren't feasible with the building layout, chair lifts are also being installed on all buildings to provide accessibility. The enhancements — funded by AHP grants and other local sources — are expected to wrap up within a year. The group effort will help Grand Junction seniors for years to come.

"We are working with several different funders on this project," said Tim Spach, the Housing Authority's Director of Facilities and Development. "Each partner is helping us improve the project for our clients."



New gutters and windows are among the upgrades needed at Walnut Hill, a St. Marys, Kan., complex partially built in the 1970s.

Aging facility to receive needed care

Two-thirds of the current population of the United States weren't even born when Walnut Hill in St. Marys, Kan., was built.

"Even though we are getting by with the current facility, Walnut Hill is showing its age," said John Simecka, board member of the St. Marys Housing Authority and champion for their 2017 Affordable Housing grant application submission. "We saw AHP as a tremendous opportunity to update our aging complex."

Walnut Hill consists of two sections. Walnut Hill I, the target of most of the AHP funding, was built in the 1970s. Residents of the 28-unit section are elderly or disabled and have very low, low or moderate incomes.

To apply for the AHP grant, the Housing Authority worked with FHLBank member St. Marys State Bank.

Walnut Hill I Project

Nonprofit: St. Marys Housing Authority

Sponsor: St. Marys State Bank

Grant: $321,576 in 2017

"The bank was so supportive of our application," Simecka said.

That support partly stems from the bank's roots. Dave Brunin, EVP of St. Marys State Bank, said most of their officers are long-time residents of the small town.

"We believe in our community," he said, "and are pleased to support this project to improve the quality of life for local seniors."

This was the first successful AHP grant for both St. Marys State Bank and the Housing Authority. It will help address several needs including draftiness caused by single-paned windows and possible foundation issues due to undersized guttering.

Another important benefit of the grant is that it will help support local contractors. The Housing Authority plans to work with local talent to complete the renovations. They hope the result will be a complex that stands the test of time.

Right now, Simecka said, they are just eager to get started.

"The AHP documents say that we need to have the project started by Oct. 1," he explained. "I'm hoping we'll have everything completed well in advance."



Commons on Classen, a new senior housing complex in Oklahoma City, has been full since the doors opened in July 2017.

Location, design set complex apart

Roland Chupik, executive director of Oklahoma City's Neighborhood Housing Services (NHS), has a simple answer to why Commons on Classen is completely occupied.

"People want to be there," he said about the project, which opened its doors July 1, 2017, and was full by November. "From the very beginning, we received calls from potential residents asking about availability. The location is right in the middle of everything."

Downtown Oklahoma City hadn't seen a new affordable housing development in decades. Commons on Classen puts seniors within walking distance of midtown stores and restaurants.

In the not-so-distant future, it will also only be half a block away from the new OKC trolley system.

But a convenient location isn't the only thing Commons on Classen has going for it. Beautiful design also ranks high on the list.

Oklahoma City's Commons on Classen

Sponsor: BOK Financial, Oklahoma City

AHP Grant: $750,000 in 2014

"We were very happy," Roland said, "with how well it blends aesthetically with the community."

The design hasn't gone unnoticed. The Urban Land Institute of Oklahoma named the project a finalist in its Annual Impact Awards, which honors projects that represent the best practices in land use and development.

Chupik is also proud of the complex's diversity.

"Our residents represent a wide range of ethnicities, marital statuses and backgrounds," he explained. "It's a cool community and one I like to stop by and hang out in."

The structure itself also offers a diverse array of apartment options, from studio to two-bedroom units. Residents have access to a library, fitness center, walking trail and playground.

To make Commons on Classen a reality, NHS worked with BOK Financial to apply for an Affordable Housing Program grant. They were awarded $750,000 in 2014.

"BOK Financial is very proud to have sponsored the AHP grant which assisted in making Commons on Classen possible," said Lisa Albers, SVP. "It is very satisfying and rewarding when many parties come together to provide much needed affordable senior housing."

HSP OVERHAUL

Remodel

Digital upgrades to the application system entice new members to reserve HSP funds

Long calls, late nights and loads of paper work were just necessary evils in the early and not-so-early days of FHLBank Topeka's Homeownership Set-aside Program (HSP).

Ryan Krantz, vice president of Custer Federal Bank in Nebraska, remembers the extra effort he went through to help his customers reserve HSP funds.

"We were at the bank at midnight faxing those reservations," Krantz said, thinking back 15 years when he worked at other banks throughout the Midwest. "At that time, there may have been $50,000 available per institution, and we used the funds up quickly."

According to market reports, one of the top five deterrents to potential first-time homebuyers is down payment and closing costs. Fortunately, there are programs like the HSP, which covers up to $5,000 of such expenses. The problem FHLBank Topeka had to address was getting deterrents out of the way of financial institutions.

In 2015, FHLBank took the first step by limiting the amount of HSP funds members could reserve each month, allowing more institutions to benefit.

In 2016 and '17, the entire application system went through a digital renovation with HSP Online going live this past May.

"The new online system made it a lot easier to submit paperwork," said Krantz, who introduced the HSP to his current bank, Custer Federal, for the first time in 2017. "Not so many late nights."

Custer was among many members that took advantage of the HSP for the first time in 2017, which was a good time to get on board. The new online system was specifically designed to streamline the reservation and the disbursement processes.

"The ease of use of the program exceeded our expectations" said Dana Ezell, director of mortgage administration at Republic Federal Bank in Norman, Okla. "What we liked best about the HSP was that we could take advantage of current market interest rates, not special established interest rates, which can push first-time homebuyers out of the loan."

First-time homebuyers are the true beneficiaries of the HSP, but the advantages reach far and wide. Recent studies show new homeowners account for 85% of real estate sales growth since 2015. And as the economy benefits, so do community financial institutions.

Molly Merrell, assistant vice president and mortgage lender at Foundation One Bank, said the HSP allows them to get in on the action.

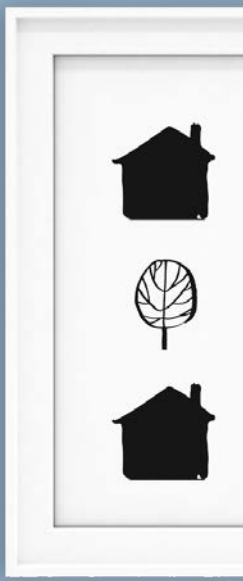
"We are a small community bank in Omaha, so we are not always given the opportunity to serve first-time homebuyers due to competition with larger institutions," Merrell said, adding that the member limits also helped. "Limiting the reservations changed the game for us."

Now, Merrell is eager to participate, knowing the online system makes it simple and the program makes a huge difference for her customers.

"Great support was provided from everyone we worked with at FHLBank," she said. "We're excited to use HSP."













cdp
& chp

Hart of Gold





Above, The Hart Building is one of the most recent buildings in Oklahoma City's Film Row neighborhood to undergo a renovation. **At left, Film** Exchange Row, LLC., modernized the building's interiors while maintaining the art deco appearance outside.

Vision, teamwork help return building to its glory days

In 1945, the Hart Building was constructed in the middle of Film Row.

Far from Hollywood, this movie mecca in Oklahoma City was home to offices for major studios like Paramount Pictures and MGM. It was one of many districts across the country that publicized films to theater owners before planes, trains and the Internet made that an easier task.

But new technology and transportation options eventually took their toll. Within two decades, Film Row was through.

"The neighborhood was blighted," remembered Chip Fudge, owner of Film Exchange

Continued on page 14

Continued from page 13

Row, LLC. "There were no street lights, and many buildings were boarded up. We bought our first property in that area in 1994 seeing the potential."

Thanks in part to Fudge's vision, Film Row has experienced a resurgence in recent years. It's one of the last districts of its kind standing in the U.S. with nearly every building still intact.

Among them, the Hart Building is one of the most recent to receive a facelift. Fudge partnered with NBC Oklahoma to make the restoration possible. And it took a competitive rate to see it through.

"We knew that with the size of this project, a half percent could make a big difference," said Toni Nance, vice president of NBC Oklahoma.

Nance had heard about Community Development Program advances from FHLBank Topeka and decided to find out if Fudge's project would qualify.

With affordable CDP funding provided by NBC Oklahoma, Fudge's company completely refurbished the inside of the Hart building while keeping the art deco charm outside. It now houses Film Exchange Row, LLC., as well as a small café and KOSU, the National Public Radio station for Oklahoma State University.

Such projects have led the way in the neighborhood, spurring economic growth throughout the area. It took vision and teamwork to bring some of that movie magic back to Oklahoma City.

"Although I know we could have kept our relationship with Chip, we couldn't have secured this particular project had it not been for FHLBank," Nance said. "The CDP was the perfect fit."





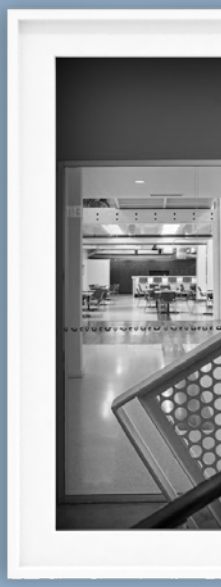
Above, the Hart Building now houses Film Exchange Row, LLC., a cafe and an NPR station. **At left, the** building originally opened its doors in 1945 in what was then a thriving movie district.

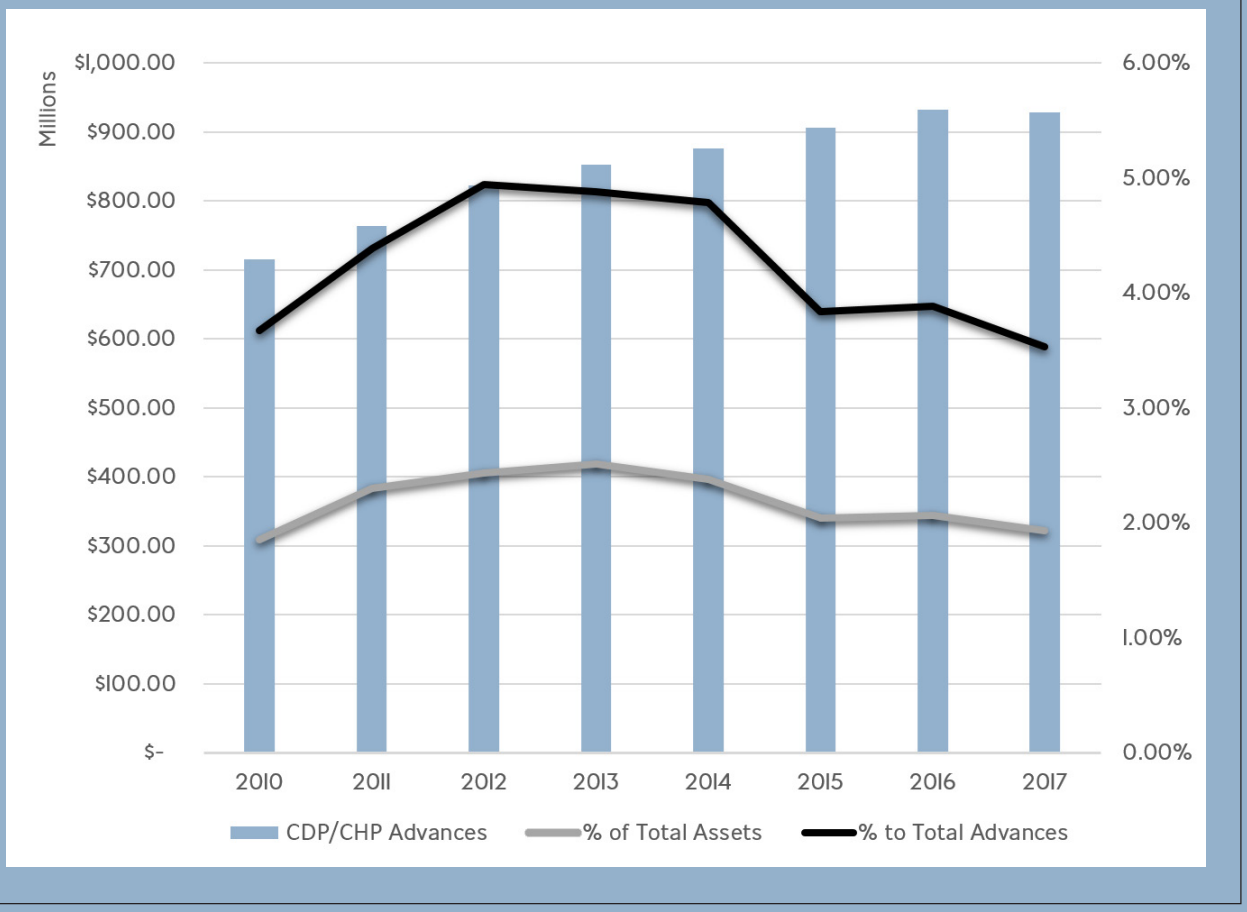
CDP/CHP GRAPH

Timeline

Community Lending Advances on the rise over the past 8 years







The CDP and CHP provide wholesale loans priced below regular market rates to help members finance commercial, farm, housing and economic development initiatives. The above graph depicts the funds provided through these community lending programs since 2010. Community lending balances have grown by $200 million in the past eight years due to members funding more long-term loans for eligible projects.

4



FHLBank Topeka

about us

FHLBANK TOPEKA BOARD OF DIRECTORS



FRONT ROW Neil McKay, Thomas Olson, Jr., Holly Easterling, Jane Knight, Donde Plowman, L. Kent Needham, Richard Masinton **BACK ROW** Bruce Schriefer, James Hamby, Milroy Alexander, Andrew Hove, Jr., G. Bridger Cox (Chair), Robert Caldwell, II, Douglas Tippens, Michael Jacobson, Mark O'Connor, Donald Abernathy, Jr., Mark Schifferdecker

AFFORDABLE HOUSING ADVISORY COUNCIL



FROM LEFT Chad Asarch, Michael Renken, Matthew Brady, Kathy Bell, Brent Williams, Claudia Brierre (Chair), Lynn Fleming, Valerie Powell, Jane Harrington, John Wiechmann Not pictured: Sophronia George, Lisa Bloomquist Palmer

HOUSING AND COMMUNITY DEVELOPMENT



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FVP, CIO, Director of Housing and Community Development



Mike Borcher
AVP, Affordable Housing Program Manager



Mark Ward
AVP, Community Programs. Technology, Compliance and Reporting Manager



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Housing and Community Development Specialist II



John Gary
HCD Coordinator - AHP Developmental Feasibility



Savanna Gonzalez
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Jennifer Bohnenkemper
Programs & Records Specialist



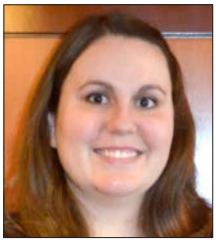
Joan Lickteig
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Randi Lutz
HCD Coordinator - Operations and Reporting



Kelly Meerpohl
Housing and Community Development Specialist



Alyse Mioni
HCD Coordinator - AHP Rental



Dustie Nitcher
HCD Coordinator - AHP Owner Occupied



Jessica Puvogel
HCD Coordinator - HSP



Melody Richard
Housing and Community Development Specialist



Utika Scales
HCD Administrative Specialist



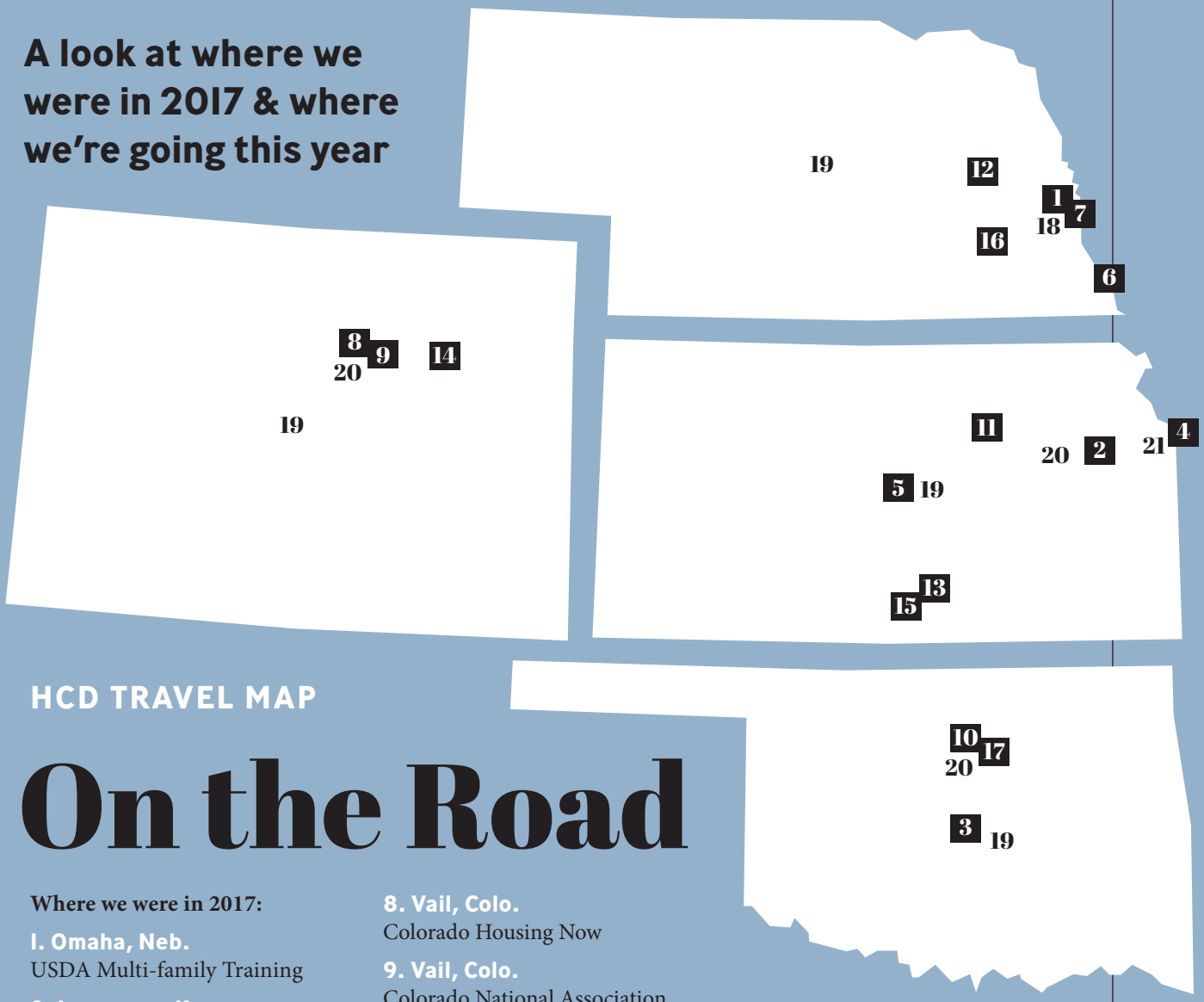
Erika Skinner
Housing and Community Development Specialist



Terri Smith
HCD Coordinator - Quality Control and Compliance

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A look at where we were in 2017 & where we're going this year



HCD TRAVEL MAP

On the Road

Where we were in 2017:

1. Omaha, Neb.
USDA Multi-family Training

2. Lawrence, Kan.
USDA Multi-family Training

3. Throughout Oklahoma
Okla. Regional Housing Forum

4. Kansas City, Mo.
FHLBank Topeka's Annual Management Conference (AMC)

5. Throughout Kansas
Kansas Housing Partners

6. Nebraska City, Neb.
Nebraska Economic Developers Association

7. La Vista, Neb.
Nebraska Investment Finance Authority (NIFA)

8. Vail, Colo.
Colorado Housing Now

9. Vail, Colo.
Colorado National Association of Housing and Redevelopment Officials (NAHRO)

10. Oklahoma City, Okla.
Oklahoma NAHRO

11. Manhattan, Kan.
Kansas NAHRO

12. Columbus, Neb.
Nebraska NAHRO

13. Wichita, Kan.
Kansas Housing Resources Corporation

14. Littleton, Colo.
FHLBank Topeka's Colorado Regional Meeting (RM)

15. Wichita, Kan.
Kansas Regional Meeting

16. Lincoln, Neb.
Nebraska Regional Meeting

17. Oklahoma City, Okla.
Oklahoma Regional Meeting

What's on tap for 2018 so far:

18. NIFA in La Vista, Neb.

19. NAHRO in all four states

20. Housing Conferences in Topeka, Kan., Oklahoma City, Okla., and Vail, Colo.

21. 2018 AMC in Olathe, Kan.


FHLBank
Topeka