

Federal Home Loan Bank of Boston

# Results

VOLUME VIII / ISSUE 1 / 2015

**The Bank's first CDFI member takes down a first advance to support an innovative new business in Waterville, Maine.**

## The Benefits of Membership

**PLUS...**

**A Growing Credit Union's Path to the Future**

**A Community Bank's Role in Community Revival**

**Supporting Tribal Housing in Maine**

# Results

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## FROM THE BANK

### From the President Edward A. Hjerpe III, President and CEO

**A**s we enter 2015, I would like to thank everyone who made the effort and time to submit a comment letter to our regulator, the Federal Housing Finance Agency, concerning the Notice of Proposed Rulemaking and Request for Comments — Members of Federal Home Loan Banks (RIN 2590-AA39). More than 130 FHLB Boston members and other stakeholders, combined with others throughout the nation, sent an unprecedented 1,300+ submissions to voice their concerns on the proposal that, if enacted, would make certain members ineligible for membership, discourage prospective members from joining, and ultimately reduce the availability of funding to meet your liquidity and funding needs and your ability to meet your communities' housing and economic development demands. The overwhelming majority of the letters requested that the proposed rule be withdrawn. At a January hearing before the House Financial Services Committee, FHFA Director Melvin Watt conceded that the proposal "touched a nerve." We await the results of FHFA's analysis of the input they received.

The Bank's balance sheet grew stronger over the course of 2014. By year-end, advances had grown 22 percent, assets grew 24 percent, and retained earnings exceeded \$900 million. Based on our strong financial condition, the board voted to rescind the moratorium on excess stock repurchases, effective January 1, 2015. The board also increased the dividend payout formula to the approximate daily average three-month LIBOR yield plus 150 basis points, which was welcome news for all. Above all, these developments demonstrate

the extent to which the Bank's financial condition has improved, and we are pleased that excess stock repurchases can once again be an everyday event.

During the course of 2014, members accessed nearly \$3 billion in long-term advances. They continued to take advantage of low rates to lock-in fixed-rate funding and position their liabilities ahead of rising rates, with activity picking up after the Fed indicated a likely midyear increase in short-term rates.

As always, we look for ways to enhance and expand the solutions to help you succeed. We are working on a number of enhancements to our popular Mortgage Partnership Finance® (MPF®) program. MPF 35™ is a new enhancement with a credit risk-sharing feature. Two additional products, MPF Direct™, for high-balance fixed-rate mortgage loans, and MPF Government MBST™, for fixed-rate mortgage loans insured or guaranteed by government agencies, are in pilot stages. All three products have the potential to offer our participating financial institutions more options for secondary market outlets and liquidity. MPF 35 is available now, and we hope to unveil the other two later this year pending board and/or regulatory approval.

The Bank is expanding its outreach to housing finance agencies. In particular, we are working to strengthen our lines of communication, exploring opportunities for HEAs to access our funding and participate in the MPF program, and, in general, investigating ways to help these important agencies fulfill their housing-finance mission. In addition, our staff is exploring opportunities to expand the Bank's reach in community and economic development in New England.

We have been fortunate over the years to have a hardworking, dedicated board of directors. We appreciate the many contributions of outgoing board members Peter Crosby of Passumpsic Savings Bank in Vermont and Kenneth A. Wilman Jr. of Profile Bank in New Hampshire, and look forward to working with the three new members who joined the board in January: Gregory Shook of Essex Savings Bank in Connecticut, Stephen R. Theroux of Lake Sunapee Bank, FSB in New Hampshire, and Michael R. Tuttle of Merchants Bancshares in Vermont.

Finally, as we do every year, we will be hosting numerous member events throughout New England. These include the popular CEO/CFO Roundtable discussions and dinner on April 23, and our Annual Shareholders Meeting on April 24. Both events take place at the Boston Marriott Newton in Newton, Massachusetts. On May 29, we will host a Member Information Exchange at our offices in Boston. We will also hold two Member Outreach meetings and golf tournaments. The first will be held on June 15 at the Rhode Island Country Club in Barrington, Rhode Island, and the second will be held on September 28 at Brae Burn Country Club in West Newton, Massachusetts. Invitations for all events will be sent soon and you can easily register on our website, [www.fhlbboston.com](http://www.fhlbboston.com). We hope to see you at one or more of these in the months ahead.

As always, we look forward to providing the solutions you need to succeed in 2015 and beyond.

See how your cooperative can work for you! ■

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2

#### MEMBER MATTERS

##### THE BANK'S FIRST CDFI MEMBER TESTS THE BENEFITS OF MEMBERSHIP

In July 2014, the Bank's first community development financial institution member drew down its first advance to support the developer of carbon-neutral fireplace logs from waste hay.



5

#### MEMBER MATTERS

##### A GROWING CREDIT UNION'S PATH TO THE FUTURE

At a time when the number of credit unions nationwide has been diminishing by about one a day, member Metro Credit Union has been seeing consecutive years of exceptional growth.



13

#### HOUSING AND COMMUNITY INVESTMENT

##### SUPPORTING TRIBAL HOUSING IN MAINE

An AHP award provided critical support for the renovation of affordable housing at the Houlton Band of Maliseet Indians Maliseet Village in Houlton, Maine.



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The mission of the Federal Home Loan Bank of Boston is to provide highly reliable wholesale funding and liquidity to our member financial institutions in New England. We develop and deliver competitively priced financial products, services, and expertise that support housing finance and community economic growth, including programs targeted to lower-income households.



#### THE BANK

- 1 From the President: Edward A. Hjerpe III

#### MEMBER MATTERS

- 8 Growing Member Balance Sheets and Advance Activities
- 9 A Community Bank's Role in Community Revival
- 11 Seven Insurance Companies Join the Bank in 2014

#### WASHINGTON NOTEBOOK

- 12 The 2014 Elections, Proposed Membership Rule

#### HOUSING AND COMMUNITY INVESTMENT

- 16 Strategies for Increasing Capital for Maine CDFIs
- 17 2014 AHP Awards

#### THE LAST WORD

- 20 FHLB Boston Around the Region

Cover: Cole Palmer of CEI and Peter Bragdon outside Mr. Bragdon's hay-log factory in Waterville, Maine.



Cole Palmer and Peter Bragdon inside the Waterville factory.

# The Bank's First CDFI Member Tests the Benefits of Membership

by Robert O'Malley

For years, CEI — the Federal Home Loan Bank of Boston's first community development financial institution member — recognized that a critical asset missing from its tool kit was the ability to provide borrowers with long-term funding.

Founded in 1977 to provide financing to Maine's fishing industry, CEI has expanded its reach over the years to include significant investments in the agriculture, renewable energy, and housing industries. The organization's mission is to improve economic conditions in Maine by providing funding to support new businesses, employment opportunities, affordable housing, and community facilities development.

Based in Wiscasset, Maine, CEI often lends to borrowers categorized as un-bankable by commercial institutions. While CEI's deals are on average in the \$200,000 range, they can exceed \$1 million or go as low as \$5,000. "We try to find unique and innovative ways of structuring these deals so they can be done," says Cole Palmer, loan and investment officer at CEI.

"Most of the financing we have access to at the present time has a five-year limit," notes Mr. Palmer. "But a lot of our borrowers need access to lengthier terms on their capital. If you're starting up a company, the last thing you want to think about is that your loan is going to balloon in five years. A borrower may want to buy a building, be in it, and have access to reasonably priced capital for 20 years."

With the need for longer-term funding a priority, the organization paid close attention when the regulator of the Federal Home Loan Banks began considering membership for CDFIs. In 2010, the door to membership was opened, and in 2013 CEI became the first CDFI member of the Bank.

"Ken Willis (the Bank's director of housing and community investment) was very proactive in reaching out to CDFIs, particularly to the ones he thought could be the pioneers," says Laura Buxbaum, director of housing resource and policy development at CEI. "He helped to pave the way — grease the wheels, answer questions, and work through this with us. He was absolutely terrific."

Ms. Buxbaum says CEI decided to become a member following an in-depth analysis of the benefits of membership and the rules governing participation. "FHLB Boston's 20- to 30-year amortization was very attractive to us, and its rates at the time were exceedingly low," she says.

But CEI also saw a potential deal breaker in the collateral regulations governing members. "The Bank's collateral requirements are quite different from what we typically deal with," notes Ms. Buxbaum. "A good deal of our capital is unsecured and comes from major banks and others."

Ms. Buxbaum says CEI had a limited amount of the kind of collateral required by the Bank for borrowing. The organization, for example, does not have single-family homes in its portfolio. "A lot of our housing lending right now is either predevelopment or construction, and neither of those helps us build collateral with the Bank," she says. "We do multifamily lending, which would qualify, and we will be looking into purchasing mortgage-backed securities."

Another potential source of collateral is commercial real estate holdings connected to CEI's support for economic development. "But we would have to run that portfolio by your credit and collateral folks," Ms. Buxbaum says. "We're still newcomers to this game and haven't done that yet. The partnership is still new and we are hoping to explore all of those avenues."

Ms. Buxbaum says CEI will likely use cash and securities as collateral in the initial stage of its relationship with the Bank. "In order for us to do more mortgages that will qualify as collateral, we need more sources of long-term funding — so it is a chicken and egg issue. If we had money from the FHLB we could make more long-term mortgages."

In July 2014, CEI drew down its first advance, a \$160,000 Community Development advance to support the acquisition and conversion of a long-vacant bakery building in Waterville, Maine, to manufacture carbon-neutral fireplace logs from waste hay. In addition to restoring a neglected property and developing a new use

## An Idea Born on a Tractor

Peter Bragdon was on his tractor cutting hay when the idea to manufacture logs from waste hay first came to him.

The owner of Bragdon Farms, a 300-acre hay farm in Vassalboro, Maine, Mr. Bragdon says driving his tractor through the fields gives him a lot of time to think.

When clumps of cut hay started to smoke after becoming tightly wound around the tractor's drive shaft, Mr. Bragdon got to thinking: "What if you could make that hay into a log and burn it?"

Mr. Bragdon, who sells his hay for horse feed, vetted his idea at the University of Maine and received a \$300,000 United States Department of Agriculture Value-Added Producer Grant, one of just a few Maine businesses to receive the grant that year. Eventually, the Finance Authority of Maine provided him with funding for equipment.

Mr. Bragdon, however, still needed factory space to manufacture his product. He found it in a former bakery site in Waterville, Maine, that had been vacant for 20 years and needed significant renovations to make it suitable for manufacturing.

Mr. Bragdon approached a number of banks for financing but all of them passed on his proposal, citing the riskiness of lending to an untested business.

"So this is where CEI came in," Mr. Bragdon says. "Without the \$160,000 CEI loan (financed with a Federal Home Loan Bank of Boston Community Development advance) I couldn't have done this thing with the building. We wouldn't be here. We'd still be floundering around."

"Because of that loan, I now have entities from all over the United States showing interest in what we are doing," says Mr. Bragdon, who has patented his product. "Even banks are starting to talk to me now that the renovation is done."

Mr. Bragdon says the state got behind his venture because his product is less polluting than wood logs and supports Maine's agricultural industry. "It helps other farmers who are growing hay and it helps save farmland," says Mr. Bragdon, who adds that the hay used to manufacture his foot-long hay logs is waste that can't be used for horse feed.

With the renovation of the Waterville building nearing completion, Mr. Bragdon hopes to have the log-manufacturing equipment in place later this month and have his logs — each estimated to burn for two hours — available in stores by the fall of 2015. His goal is to sell the product first in local supermarkets and hardware stores, then move on to larger outlets around the country. ■



Peter Bragdon with sample hay log.





See a video interview with the developer of the Bragdon Farm initiative at [www.fhlbboston.com](http://www.fhlbboston.com).

Peter Bragdon and Cole Palmer at the Waterville manufacturing site.

for waste hay, the Bragdon Farm project will also create 10 high-paying jobs.

“It’s an innovative product,” says Mr. Palmer. “The logs have the same BTU value as wood logs, have minimal environmental impact, and give value to waste hay where there is none now, which also will help the farming population. A lot of our portfolio is in agriculture, so it’s a win-win.

“Before we had access to capital through the Bank, we were only able to offer Bragdon five-year terms,” says Mr. Palmer. “Once we were able to access the CDA we could offer them a 10-year term. I can’t tell you how appreciative they were of that.

“This is a company that frankly isn’t going to break even for three years, so the last thing they want to do is hit breakeven and then have to figure out how they’re going to refinance their loan,” he says, adding that the company hopes to have its product available commercially in 2015.

“We actually put up cash collateral to take down this advance and make the deal

happen,” says Ms. Buxbaum. “My hope is that as we develop the relationship and do more deals and become better known to the Bank as an active member, some of the rules will become a little more flexible in regard to CDFIs,” she adds.

“I hope that we will be able to bring the Bank a significant enough portfolio of qualifying loans that we can negotiate a change in the relationship that will allow us to put our loans up as collateral and gain access to lower-cost and longer-term advances to help us achieve our mission,” she says.

“Providing more long-term, stable capital at interest rates favorable to our mission-based clients enhances our ability to help them create more long-term sustainable jobs for low-income folks in Maine — so it really helps us to meet our mission,” notes Sarah Matel, senior credit officer at CEI.

At the same time, CEI membership also benefits the Bank. “Just about any deal we

do should qualify for CDA or CDA Extra, so we’re going to be helping the Bank achieve its mission too,” Ms. Buxbaum says.

CEI has also been discussing the possibility of borrowing funds from the Bank that could be used to help smaller CDFIs in Maine. “We do lend to other CDFIs,” says Mr. Palmer. “I have a loan pending with Four Directions (a CDFI based in Orono, Maine) right now, so the money we raise for CEI can flow into other CDFIs as well. If we are able to access money from FHLB Boston, we can offer them lengthier terms and better interest rates.”

“We have been getting together fairly frequently to discuss the capacity issues of CDFIs,” adds Ms. Buxbaum. “We have talked about whether there are ways for those of us who are members to work with those who aren’t to create a funding pool. It’s all just brainstorming at this point, but we all have an interest in bringing more capital to Maine and enhancing the work that we are all doing.” ■

**MEMBER PROFILE:**  
**METRO CREDIT UNION,**  
**CHELSEA, MASSACHUSETTS**

## A Growing Credit Union’s Path to the Future

AT A TIME WHEN THE number of credit unions nationwide has been diminishing by about one a day, Federal Home Loan Bank of Boston member Metro Credit Union has been seeing consecutive years of exceptional growth.

The second largest credit union in Massachusetts (the largest state-chartered credit union), Metro has come a long way since its founding in 1926 as the Chelsea Credit Union — a Chelsea-based institution assisting people who believed they were being underserved by local banks.

The credit union provided members with loans to assist with the purchase of basic household needs, says Robert Cashman, Metro Credit Union’s president and chief executive officer, and the third generation of his family to lead the institution.

Known in an earlier era for small manufacturing and early-era recycling industries, Chelsea has always been home to immigrants. In the early 20th century, the city had a large Eastern European immigrant population while today the city is a destination for Latino immigrants.

The seeds of the credit union’s future growth were planted early on, when it developed a payroll deduction plan — an early version of direct deposit — for employees at Keene Smithcraft, a local manufacturing firm.

Metro used that relationship as a platform to expand its relationships with other organizations, including small ones with two or three employees and large ones such as the Commonwealth of Massachusetts, whose workers became credit union members following Metro’s merger with the Massachusetts State Employees Credit Union several years ago.



Robert Cashman and FHLB Boston Relationship Manager Stephen McHugh outside Metro Credit Union headquarters in Chelsea, Massachusetts.

To help grow the business, the credit union approached companies not associated with a credit union but looking to offer a benefit to employees. “Our Metro at Work program was a great solution that employers were able to offer their employees,” he says. “It has worked out well for us. We had new members sign up and saw existing members expand the products and services they were using.”

Metro now has relationships with some 1,700 area firms and organizations.

Strategic mergers and relationships with struggling credit unions as well as the opening of new branches within the Route 495 beltway have been key components of Metro’s growth in recent years. “That exceptional growth has been the result of, one, Metro being more aggressive in the marketplace; and, two, people’s dissatisfaction with some institutions when the financial crisis hit,” Mr. Cashman says. “People were withdrawing money from other institutions and we were able to slip in and make a name for ourselves.

“Before we turned around, we had seen tremendous growth, and in the past two years broke the \$1 billion mark in assets and established several new branches,” Mr. Cashman says.

Mr. Cashman believes that Metro has been aided by the fact that it has never relied on a single company or industry, as some credit unions have, for its member base. “Metro’s philosophy has always been to diversify and never put all of our eggs in one basket,” he says. “We continued to grow even during recessionary periods — if one area was experiencing slowness, others were growing.”

A key component of Metro’s business-development plan has been to promote member stickiness. In the past, stickiness often depended on a single product, but today it depends on a primary product and associated secondary products. “Once members set up direct deposit with their checking accounts, bill paying, and home banking, it’s a real pain to change it,” Mr. Cashman says.

Mr. Cashman believes the future of financial institutions will depend on payment systems. “We have to keep our eye on the ball regarding anything involving remote access,” he says. “The future of the financial services industry is going to depend on the payment system, and mobile — doing everything on your phone — is going to be at the forefront of that.”

Given the importance of payment options to potential members, Mr. Cashman believes credit unions need to make significant investments in infrastructure and technology to stay competitive. Metro, he says, has been upgrading its phone system to address the needs of remote members as well as building new drive-thrus at some branches. Metro’s size has helped it manage these upgrades, but similar changes may be a challenge for smaller credit unions.

Mr. Cashman says credit unions also need to define themselves more clearly for younger people as well as offer them the products they want. “For example, we’ve rolled out a new product called Pop Money that allows members to transfer money with their mobile phone from one individual to another even if they are at different financial institutions,” he says.

“One of the products that we developed was the My Reward Checking product, where Metro will reimburse you for all ATM transaction fees if you have direct deposit to Metro,” he says. “We think that is a tremendous product, and if you combine that with the debit card and home banking and online bill pay and Pop Money, we’re providing one-stop shopping.

“The industry is going to continue to thrive, but I think there will be fewer credit unions, though those that are left will be larger and offer more products and services.”



Stephen McHugh and Robert Cashman at Metro Credit Union.

## THE BANK’S ROLE IN METRO’S GROWTH

Metro CEO Robert Cashman says the Federal Home Loan Bank of Boston has played a significant role in helping his institution grow. “Federal Home Loan Bank products and services have truly been an ingredient of our success,” he says.

“Metro is fortunate to have very strong loan demand to the point where as of today we’re approaching 110 percent of loan-to-share ratio, which means that we have lent out 110 percent of every dollar we take in, which is something we are proud of,” he says.

“And this is really where the Federal Home Loan Bank of Boston comes in,” he adds. “We have strong deposits from our community and payroll deductions from employee groups, but our Federal Home Loan Bank of Boston borrowings have allowed us to fill gaps and put more money out on the street for consumer loans, mortgages, and commercial loans.

“It has been a nice partnership and obviously in this economic environment — with interest rates a little bit lower — it has really helped our institution in terms of net interest margin, spread, and having money available to meet the demands of our consumers,” Mr. Cashman says.

“We have taken advantage of the CDA program to drive our cost of funds down a little more, which in turn has allowed us to make our products and services even more affordable to our members,” he says. “We have participated in the Equity Builder Program, which provides another way to help members lessen the payment to get into a home.

“The Federal Home Loan Bank also has been great at talking through with us various borrowing strategies — whether short- or longer-term borrowing or match funding,” he says. “The Bank has allowed us to work with them in a variety of different programs and scenarios to see what works best for us.” Metro has used a mix of amortizing advances and bullet advances. “When you make advances you are also thinking about what interest-rate environment you are in and what direction interest rates are going in,” he says. “Right now we are in a low interest-rate market, but the question is, when are rates going up?”

“The Home Loan Bank is great at communicating through daily emails various advance specials — for example, the Dutch Auction,” he says. “We’ve done a couple of different things when we see those opportunities. When we want to make a decision on something, we’re thinking about the Federal Home Loan Bank as part of that decision.” ■

We’ve become your portal so that you rely on us and we ultimately become your primary financial institution.”

Metro operates in urban centers that in recent years have struggled but are now showing signs of revival. “Former City Manager Jay Ash did a fabulous job of recognizing Chelsea as a gateway city and helping the city develop new housing and greater opportunities for growth.

“Now people are staying longer and some companies are actually relocating to Chelsea,” Mr. Cashman says, adding that the city of Lawrence is also showing signs of revival.

With more than 50 percent of its membership residing in low-income areas, Metro was recently designated a low-income credit union. “We have decided to put our stake down in cities and towns where

people could really use financial products and services and where these products haven’t been accessible through other institutions,” Mr. Cashman says.

Given its strong loan volume, Metro has tried to partner with credit unions that may not have similar loan demand. “Why not share some of that strong loan volume with credit unions that maybe don’t know how to go about getting loans in a cost effective way?” he says. “We can provide that mechanism and create a partnership with them so that the credit union industry continues to survive and thrive and everyone is successful.

“When I started working in the industry in the early 1980s, there were about 21,000 credit unions,” he says. “There are now less than 7,000 in the country. If the industry continues to move in this direction

— losing credit unions on average about one a day — before you turn around you’re starting to approach 5,000 credit unions.”

Still, while the number of credit unions in the U.S. continues to decline, the number of credit union members is on the rise. “Over 100 million people nationwide are now involved with a credit union relationship,” he says. “The industry is going to continue to thrive, but I think there will be fewer credit unions, though those that are left will be larger and offer more products and services.”

With \$1.3 billion in assets, Metro is becoming a model for what credit unions may look like in the future. “Our asset quality is phenomenal — something we are very proud of — but we’re still making sure we get the money in the hands of people that need it,” Mr. Cashman says. ■



## 2014 IN REVIEW

# Growing Member Balance Sheets and Advance Activities

By Jason Hwang and Kevin Martin

THE START OF 2015 FINDS the U.S. economy once again on a positive growth trend, with real GDP growing at 4.6 percent and 5.0 percent in the second and third quarters of 2014, respectively, and the unemployment rate falling to 5.6 percent in December 2014.

While renewed concerns about the European economy and geopolitical tensions fueled a flight to safety and a rally in the U.S. bond market in early January, the year 2015 is widely expected to be a period when the Fed finally begins to raise its target range for the fed funds rate.

The advances activities of Federal Home Loan Bank of Boston members reflect both the increasing strength of the U.S. economy as well as heightened concerns regarding interest-rate risk. Our depository institution members with total assets of \$5 billion or less saw total assets grow at an annual rate of 6.2 percent over the first three quarters of 2014, outpacing the 4.9 percent annual growth rate since the beginning of 2013. Much of the asset growth was driven by loans, which increased at an annual rate of more than 9 percent over the first three quarters of 2014. This rate of loan growth is especially impressive in light of a highly competitive lending landscape involving many institutions from outside New England.

Reversing trends from earlier years, deposit growth in 2014 was slower than asset growth, reflecting improved investment returns. In response to the rising loan-to-deposit ratios, members have significantly increased outstanding advance balances from \$15.4 billion at year-end 2013 to \$18.0 billion at year-end 2014, an increase of 17 percent. This rate of growth was substantially higher than the annual growth rate in advance balances of almost 11 percent since the first quarter of 2012. (Across all members, year-end advance balances increased from \$27.2 billion in 2013 to \$33.3 billion in 2014, an increase of 22 percent.)

The prolonged low interest-rate environment has depressed net interest margins for many depository institutions. The need to protect margin is reflected in the members' use of short-term advances. For depository members with total assets of \$5 billion or less, year-end advance balances with original maturities of less than a year increased 36 percent from \$4.7 billion in 2013 to \$6.4 billion in 2014.

Both the Daily Cash Manager — the Bank's overnight advance product — and weekly markdowns on advances with terms less than six months have been popular with members. Of advances outstanding at year-end 2014, \$1.2 billion was in the

Daily Cash Manager, \$3 billion had original terms of two days to three months, and \$2.3 billion had original terms of greater than three months and less than one year.

The expectation of rising interest rates has heightened the importance of proactive interest-rate risk management. For many members, match-funding assets with advances and extending the terms of advances have been a key part of the overall strategy to mitigate interest-rate risk. In 2014, members took down \$3.2 billion in long-term advances (with original terms of one year or greater), a 21 percent increase over 2013. Of the long-term advances disbursed in 2014, 33 percent had an original term of one year; 37 percent had original terms of one to three years; and 30 percent had original terms of greater than three years.

Strengthening loan demand and interest-rate risk management will likely continue to be important themes in asset liability management for our members in the new year. The Bank is well positioned to meet our members' liquidity, funding, and risk-management needs in 2015. ■

*Jason Hwang is vice president/director of financial strategies, research, and membership applications; and Kevin Martin is vice president/member financial strategies manager at the Federal Home Loan Bank of Boston.*

## MEMBER SNAPSHOT: WINTER HILL BANK

## A Community Bank's Role in Community Revival

by Robert O'Malley

MENTION BOSTON AND MANY PEOPLE will also think Cambridge. For years, the two cities have been inextricably linked.

But given the recent revival of the neighboring city of Somerville, that pairing may soon become a troika, says Sandra McGoldrick, president and chief executive officer of member Winter Hill Bank.

A 4.3 square-mile city bordering Boston and Cambridge with a population of about 78,000, Somerville is in the midst of a revival that is set to turn this onetime metro Boston backwater into a new regional success story.

Important signposts of that revival include the ongoing development of Assembly Row, a \$1.5 billion initiative that includes construction of a neighborhood of offices, residences, shops, and restaurants in the city's Assembly Square district. As part of the plan, Partners Health Care plans to relocate its headquarters from Boston to 1.1 million square feet of space in the new Assembly Square development. In the first phase of the planned relocation, Partners plans to bring an estimated 4,500 permanent jobs to the new Somerville site.

Complementing these developments is the recent opening of the new Assembly Orange Line subway station, which makes Somerville more easily accessible from other points in the metro area. "These developments are creating an enormous domino effect on housing and business growth," says Ms. McGoldrick, who grew up in Somerville and has been observing at close hand the changes taking place there during her tenure as Winter Hill's CEO.

"I like to think we have played an important role in the revival of the city, primarily because we are a community bank located here in the city," says Ms. McGoldrick. "We have been here since 1906, so we know the issues that are important to the city and as a result can develop the needed products and services."

Somerville's transformation has brought with it greatly expanded business opportunities for Winter Hill Bank — a \$300 million community bank with three branches and a loan and operations center in Somerville. In recent years, the bank has been providing loans for developers converting existing two- and three-family housing into condominiums. "Construction lending is a wonderful niche for us," Ms. McGoldrick says. "The new develop-



See a video interview with Winter Hill Bank CEO Sandra McGoldrick at [www.fhlbboston.com](http://www.fhlbboston.com).

ment in the city has generated strong loan demand from investors and developers coming into our community.

"Somerville has been what we call the sweet spot," she adds. "Since 2008 we have been immune to the slowdown in the real estate market. In fact, it has been the opposite here — demand has been strong, which I attribute to our proximity to Boston."

Doug Beaudet, who along with his father and brother owns DG Realty-King Ranch Development in Somerville, relies on Winter Hill Bank for construction loans to help finance the gut rehab of multifamily properties for conversion to condominiums in Somerville. "Winter Hill's reliability and services are phenomenal," Mr. Beaudet says. "Their staff works as a team. They will get you the money you need almost the day you need it. They don't get bogged down in a lot of bureaucracy."

Mr. Beaudet attributes the strength of Somerville's housing market in part to professionals who want to live in the city and families who purchase condos for their children while they are attending local universities. "The Somerville economy is on fire," Mr. Beaudet says. "We're basically recession proof."

The Federal Home Loan Bank has just been a wonderful partner for Winter Hill Bank... When I look at how we have utilized this source of funds over the years, the three things that come to mind immediately are the reliability, the liquidity, and the product selection.



FHLB Boston Relationship Manager Maria Nichols and Sandra McGoldrick at Winter Hill Bank in Somerville, Massachusetts.

Ms. McGoldrick notes that the city's surging development has not come without challenges. Traditionally a moderately priced community where working families and immigrants have felt welcomed, Somerville is now seeing the kind of dramatic rise in real estate prices and property evaluations that is increasing rents and forcing some city residents and potential residents to look elsewhere for housing.

"We have multifamily homes selling in the city for more than \$1 million now," Ms. McGoldrick notes. "How do you make the city affordable for long timers who have brought up their children here? How do you make it affordable for their children and preserve the city's family dynamic? How does Winter Hill make sure we can continue to work with nonprofits such as the Somerville Community Corporation and provide them with a good source of funds?"

They are the kind of questions Somerville leaders and residents have been wrestling with for some time now. "These are discussions we regularly have with the Somerville Community Corporation, the Chamber of Commerce, and the city administration to ensure that we find a balance that allows us to keep families here and preserve the fiber of the community," Ms. McGoldrick says.

match fund it to assist us with those funding needs. This strategy has worked out very very well for us."

Winter Hill has also participated in three AHP projects, most recently in the 75 Cross Street initiative, which involved the acquisition and construction of eight units of permanent supportive housing for very low-income homeless households in East Somerville.

"The Federal Home Loan Bank has just been a wonderful partner for Winter Hill Bank," she says. "When I look at how we have utilized this source of funds over the years, the three things that come to mind immediately are the reliability, the liquidity, and the product selection.

"When we utilize advances we use a laddering technique so that all of our advances don't roll over at once," she says, "and we use our interest-rate-risk measurements to determine which advance is suitable for us."

Ms. McGoldrick says that accessing Bank funding often starts with a quick visit to the Bank's online *Products and Solutions Guide*. "The guide is just wonderful to determine which product will help Winter Hill Bank as well as the community nonprofits we are trying to work with," she says. "Invariably, we can find something that will assist us." ■

"This is where Winter Hill enters as a community bank and where the Federal Home Loan Bank of Boston — which I view as a partner — also has a role," she says. "I think of it as a three-way partnership that includes the Federal Home Loan Bank of Boston, Winter Hill Bank, and the Somerville community."

Ms. McGoldrick says Bank funding supports both its commercial and community development endeavors. "The Federal Home Loan Bank was the perfect avenue for us to access funds to help fund these development projects," she says. "We're in an area where they are gut-rehabbing two- and three-family homes, and we're using Bank advances to fund these projects."

On the other hand, she adds, "if it is a community development project we will look at the Federal Home Loan Bank's Community Development advance or the New England Fund and



## Seven Insurance Companies Join Bank in 2014

SEVEN NEW INSURANCE COMPANIES JOINED the Federal Home Loan Bank of Boston in 2014, bringing the total number of insurance company members to 34.

"Building this membership has been a strategic goal for the entire Bank," says Edward A. Hjerpe III, the Bank's president and chief executive officer. "We welcome the new companies and look forward to a strong partnership."

While insurance companies have been eligible to become members since the FHLBs were created in 1932, an increasing number have recently been taking advantage of that option.

"Insurance companies recognize the benefit of Bank membership to increase liquidity, support various community investment programs, or to access easy-to-use low-cost funding," says Matt Stewart, vice president, relationship management at the Bank. "The Bank has been encouraging insurance companies principally located in New England to consider membership."

"By joining the Federal Home Loan Bank of Boston, Safety Insurance gains the opportunity to access quick, low-cost funding outside of our current borrowing arrangements to address short-term cash requirements as well as other long-term investment decisions," says Chris Whitford, controller at Safety Insurance Company, which joined the Bank in 2014.

"We at Coverys are excited to become a member of the FHLB," says Paul DeFronzo, vice president finance at new member Coverys (Medical Professional Mutual Insurance). "From a liquidity management perspective, we knew rates were competitive, but what really surprised us is the flexibility and ease of obtaining

financing to manage our short-, intermediate-, and long-term needs."

"The new members vary in size and represent a range of insurance sectors, including property, liability, life, and health," says Mr. Stewart.

The following insurance companies became Bank members in 2014:

- Aetna Life Insurance Company
- Blue Cross Blue Shield of Massachusetts, HMO Blue, Inc.
- Coverys (Medical Professional Mutual Insurance)
- Dorchester Mutual Insurance Company
- Fitchburg Mutual Insurance Company
- ICI Mutual Insurance Company
- Safety Insurance Company

### Revised Emergency Contact Numbers

The Federal Home Loan Bank of Boston recently revised its emergency contact numbers, located on the Bank's website, [fhlbboston.com](http://fhlbboston.com). From the home page, under the About Us tab, select Contact Us and Emergency Numbers. You will also find mobile numbers and email addresses to reach key staff. If you have any questions regarding our emergency procedures, please contact your relationship manager. ■

WASHINGTON UPDATE

# The 2014 Elections, Proposed Membership Rule

by Joanne Sullivan

THE 2014 ELECTIONS PRODUCED several changes in Congressional leadership and the New England delegation, including the election of new congressmen in Maine, New Hampshire, and Massachusetts.

And while prospects for GSE reform remain uncertain in the coming session, committees of special interest to the Bank will likely be focusing attention on other issues, including changes to Dodd-Frank, regulatory relief, and “too big to fail.”

The Bank is also closely following a regulatory proposal that would make certain members ineligible for membership, discourage prospective members from joining, and reduce the long-term availability of funding to meet member liquidity and funding needs. These proposed changes could make it more difficult for members to meet the housing and economic development demands of the communities they serve.

## On Capitol Hill

In Maine, former state treasurer and investor Bruce Poliquin, a Republican, was elected to represent the second district. In Massachusetts, former U.S. Marine and railway executive Seth Moulton, a Democrat, was elected to represent the sixth district. And in New Hampshire, Republican Frank Guinta, a former congressman and mayor of Manchester, was elected to represent the first district. The FHLBanks look forward to welcoming and working with the three new members.

On the House side, the Republicans gained 13 more seats, giving them a larger majority and additional seats on several committees. Leadership on the Financial Services Committee will not change: Chairman Jeb Hensarling (R-TX) remains

chairman and Maxine Waters (D-CA) is ranking member. New England committee members Michael Capuano (D-MA), Stephen Lynch (D-MA), and Jim Himes (D-CT) will be joined by newly elected members Guinta and Poliquin.

On the Senate side, the Republicans will have the majority with 54 senators. Senator Richard Shelby (R-AL) will chair the Senate Banking Committee and Senator Sherrod Brown (D-OH) will be ranking member. Senators Jack Reed (D-RI) and Elizabeth Warren (D-MA) will remain on the committee.

## FHFA Proposed Rule on Membership

The Bank, along with the other 11 FHLBanks, has been closely following a proposed rule on FHLBank membership issued by the Federal Housing Finance Agency on September 2. The proposed changes threaten to limit access to low-

cost FHLBank funding even as policymakers seek ways to jump-start economic activity and encourage financial institutions to increase residential mortgage, investment, and business lending.

As of February 2015, more than 1,300 comment letters had been received by the FHFA, with the majority opposing the proposed rule. In addition to comments received from member institutions, housing organizations, and other interested parties, members of Congress have also weighed in with their concerns. Two “Dear Colleague” letters have been sent to the FHFA, one signed by 29 Senators, including Senators Kelly Ayotte (R-NH) and Angus King (I-ME), and one signed by 68 House members. The comment period closed on January 23, 2015. ■

*Joanne Sullivan is vice president/director of government and community relations at the Federal Home Loan Bank of Boston.*



From the left, Joanne Sullivan, vice president/director of government and community relations at the Federal Home Loan Bank of Boston, Senator Kelly Ayotte (R-NH), and Christiana Thornton, president and CEO of the New Hampshire Bankers Association at the New England Council Roundtable luncheon on August 18 in Merrimac, New Hampshire.

*“Doing housing development on a reservation is more complex than doing it anywhere else in the United States...”*

AHP STORIES

# SUPPORTING TRIBAL HOUSING IN MAINE

by Robert O'Malley

In recent years, it became increasingly apparent to the Houlton Band of Maliseet Indians Tribal Housing Authority that much of the affordable rental housing on the Maliseet reservation would soon need major renovations.

“Our funding didn’t allow us to do a widespread renovation project,” says Aaron Greenlaw, executive director of the Maliseet Indians Tribal Housing Authority in Houlton, Maine. “The housing authority had applied for other grants in the past but the funds that were available just weren’t large enough to have an impact on the scale of renovation that was needed here at Maliseet Riverside Village.”

The housing authority concluded that the Low Income Housing Tax Credit program would be the tribe’s best source of funding to renovate as many homes as possible. After successfully applying for tax credits, the housing authority realized it still needed additional funding to make the project feasible. “That is when our good friend John Moore at Bangor Savings Bank came up with the idea that we should apply to the Federal Home Loan Bank of Boston’s Affordable Housing Program,” Mr. Greenlaw says.

With Mr. Moore’s assistance, the tribe submitted an AHP application and in 2012 the Maliseet Riverside Village initiative was awarded a \$250,000 grant. “The AHP grant along with Bangor Savings Bank’s interim construction financing really made the financing possible,” Mr. Greenlaw adds.

“The flexibility and willingness of the Federal Home Loan Bank of Boston to invest resources in a project in Indian country was fundamental to the success of this project,” notes Mr. Moore, senior vice president and CRA officer at Bangor Savings Bank. “We were able to use the AHP grant to begin the early stages of the project and get it to the point where we could move tax credit equity into it.

“Doing housing development on a reservation is more complex than doing it anywhere else in the United States,” Mr. Moore adds. “The land is held in trust for the tribe and the issue of collateral and securing the obligation is problematic. The Federal Home Loan Bank has worked with tribal communities to structure documentation of retention agreements and leasehold mortgages to conform to the realities of land in Indian country.”

The Maliseet Riverside Village initiative received AHP funding to help renovate 28 of 50 homes built with U.S. Department of Housing and Urban Development funding in 1992. Since 2000, 32 additional rental units have been built on the reservation.

The homes designated for renovation needed new roofs, windows, doors, and heating systems, among other things. “One of the huge challenges of this project is that all of the units are occupied,” Mr. Greenlaw says. “We have to move families out and provide other housing for them while their units are being renovated.”

Before the 50 units of rental housing were built in 1992, the Houlton Band of Maliseets did not have reservation housing. “Tribal leadership wanted a place for our native people to reside other than apartments in the local towns,” Mr. Greenlaw says. “Our members love coming back to tribal lands to be with native people. In the town of Houlton, rent is extremely high and the condition of the apartments is not that great.”

Recognized as a tribe by the U.S. Government in 1980, the Houlton Band of Maliseets currently has about 1,400 members — a high percentage of whom live in Houlton and surrounding communities. About 250 people are currently living on the reservation. “There is a large demand for more housing in Maliseet Riverside Village,” Mr. Greenlaw says. “We have about 45 to 50 families on our waiting list.”



Resident Jonathan Shaw and his daughter at Maliseet Riverside Village. Below: The Shaw's newly renovated home at Maliseet Riverside Village.

“The housing authority is always looking for funding to build new homes, but our current funding levels don’t allow us to do this without a rental subsidy attached to it,” he says. “We are a low-income housing authority and only charge 30 percent of adjusted income for rent, which does not cover the cost of providing the housing to our tribal members.”

The housing authority is currently looking at homeownership as the most desirable option as it moves into the next phase of tribal housing construction. “Our tribal members tell us they want to move towards homeownership — towards the American dream of owning their own home instead of renting,” he says.

Mr. Greenlaw, who grew up in nearby Oakfield but had regular contact with the tribe in his youth, was appointed executive director of the housing authority three weeks after finishing college in 1998. “I really enjoy working for the tribe and helping our native people,” he says. “I love to see our tribe advance.



John Moore of Bangor Savings Bank visits a house under renovation at Maliseet Riverside Village.

Take a video tour of the Maliseet Riverside Village renovation and visit with residents at [www.fhlbboston.com](http://www.fhlbboston.com).

“When I was a child, the tribe had no housing and not a lot of health-care support for tribal members,” he says. “Today, we have housing, a beautiful new health facility, social and transportation services, and new recreation fields. It’s extremely satisfying to see how the tribe has grown over the course of my life, to be a part of that growth, and to see where the tribe is going in the future.”

Residents, meanwhile, are already starting to return to their newly renovated homes. “The families who have moved back in absolutely love the work that has been completed,” Mr. Greenlaw says. “One of the things I have heard over and over again is that the renovated homes feel more like ownership housing than rental housing — it makes them feel they have ownership.”

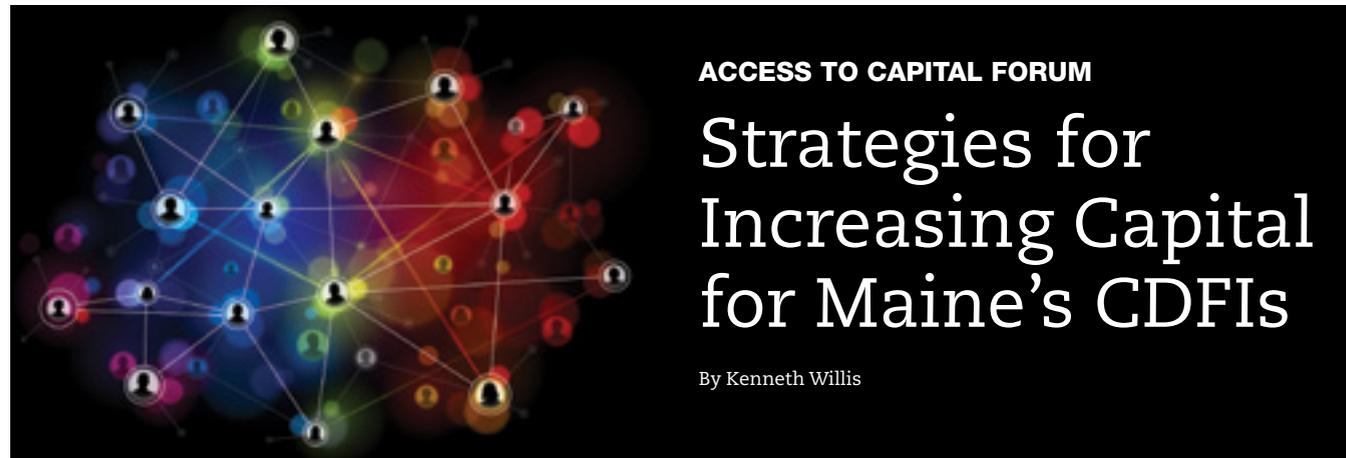
One of those residents is Jonathan Shaw, who lives in Maliseet Village with his wife and two children. “My wife is Maliseet and her father was living out here before he passed away,” says Mr. Shaw, who has lived on the reservation with

his family for 11 years now. “My wife grew up out here and knew it was a nice place to live.

“They redid the kitchen, the bathroom, the floors,” he says. “They patched up the sheetrock and refurbished the walls. There are new trim, new doors and windows, and a new energy-efficient boiler system. I’m really happy with what they’ve done.

“I live about five minutes from work, so it’s very convenient,” adds Mr. Shaw, who works as a heating technician at the Daigle Oil Company in nearby Houlton. “It’s a very nice community to live in.”

In addition to the Maliseet project, the AHP has provided funding for tribal initiatives on the Pleasant Point Passamaquoddy Reservation in Perry, Maine — the Kikunol initiative, which built 22 units of rental housing (nine with AHP funding), and the Cuspes Park initiative, which built 28 single-family rental homes. ■



## ACCESS TO CAPITAL FORUM

# Strategies for Increasing Capital for Maine's CDFIs

By Kenneth Willis

ON SEPTEMBER 3, 2014, THE Federal Home Loan Bank of Boston, the Federal Reserve Bank of Boston, and the Maine Community Foundation sponsored a forum in Augusta, Maine, to explore strategies to increase the flow of capital to Maine CDFIs to help finance affordable housing, economic development, and community facilities projects.

Hosted by John Moore, senior vice president at member Bangor Savings Bank, the forum explored the role that CDFIs, banks, government agencies, and foundations play in expanding investment in Maine's network of CDFIs. Forum participants included prominent Maine CDFIs such as CEI, Community Concepts Finance Corporation, Four Directions Development Corporation, Genesis Community Loan Fund, and MainStream Finance, as well as the Finance Authority of Maine, USDA Rural Development Maine, and the Sandy River Charitable Foundation.

CDFIs are specialized financial institutions that provide financial products and services to populations and businesses in markets not served by traditional banks. These organizations — which include banks and bank holding companies, credit unions, loan funds, and venture capital funds — are an important component of the community development finance delivery system in Maine, providing much needed support for affordable housing, economic development, and community facilities.

While the lending performance of Maine's CDFIs is strong, these organizations are constrained by liquidity and reserve requirements that limit their ability to fully meet the lending needs of their communities. CDFIs' primary challenge today is accessing long-term, low-interest, fixed-rate financing to improve balance sheet stability and reduce interest-rate risk by matching long-term assets with long-term liabilities. While traditional banks are the primary source of capital for many CDFIs, the duration of the capital is often short term, making it difficult for CDFIs to offer long-term commitments to housing initiatives and new business development.

In response to a discussion of ways to increase the flow of capital to Maine CDFIs, membership in FHLB Boston was proposed as a possible solution. Membership allows CDFIs access to advance products in a variety of terms and structures, including long-term financing to match assets and liabilities, manage interest-rate risk, and provide

more competitive products to customers. FHLB Boston currently has four nondepository CDFI members, two of which are from Maine.

In my presentation, I also discussed the opportunities and challenges of becoming a member and FHLB Boston's willingness to work with CDFIs that meet the requirements of membership or are looking to position their organizations for membership in the future. I also discussed the possibility of CDFIs partnering with FHLB Boston members to access low-cost funding through the Community Development Advance program or to apply to the Affordable Housing Program as a revolving loan fund.

Peter Taylor, vice president of program development and grant-making services at the Maine Community Foundation, emphasized the critical importance of community development finance resources to Maine's communities and the need to increase the flow of capital to the state's CDFIs. The foundation is currently expanding its use of impact investing and will be working through intermediaries like CDFIs to deploy capital to achieve strategic priorities. Strategies under consideration include targeting investments by issue area, investing in vehicles that provide access for multiple CDFIs, and exploring co-investment opportunities.

Anthony Poore, deputy director, community development outreach at the Federal Reserve Bank of Boston, discussed the importance of CDFIs to the Maine economy as well as his organization's commitment to support mission-focused activities that improve lives and communities, including brainstorming solutions to increase collaboration and bring additional capital to the CDFI sector.

In addition to the sponsor presentations, the forum also included discussion of CDFI access to capital by the Finance Authority of Maine and USDA Rural Development Maine. The forum made clear that banks, government agencies, foundations, and larger CDFIs are committed to supporting the capital needs of CDFIs through innovative solutions and strategies.

The forum concluded with the formation of an ad hoc group to explore several of the ideas suggested by the CDFIs, including partnering with a foundation, a member of FHLB Boston, a CDFI, and FHLB Boston to leverage foundation investing. ■

*Kenneth Willis is first vice president/director of housing and community investment at the Federal Home Loan Bank of Boston.*

# 2014 AHP AWARDS

The Federal Home Loan Bank of Boston awarded more than \$25 million in grants and rate subsidies to fund 51 initiatives in the 2014 Affordable Housing Program. Applicants were awarded \$19.17 million in grants and \$19.85 million in subsidized advances, with advance subsidies of \$5.87 million. The awards will create or preserve 1,905 rental and 11 ownership units for very low-, low-, and moderate-income individuals and families. The Bank received 107 applications from 55 members in the 2014 round.

**Danielson, Connecticut**

Putnam Bank  
Habitat for Humanity of Eastern Connecticut  
1 homeownership unit  
\$25,000 grant  
72 Mechanic Street Killingly HFHECT

**Danielson, Connecticut**

Liberty Bank  
Women's Institute Realty of Connecticut, Inc.  
25 rental units  
\$907,248 grant and subsidy,  
\$1,000,000 advance  
Mill at Killingly Apartments.

**Hartford, Connecticut**

Webster Bank, N.A.  
Mutual Housing Association of Greater Hartford, Inc.  
37 rental units  
\$500,000 grant  
Summit Park

**Norwich, Connecticut**

Dime Bank  
Habitat for Humanity of Eastern Connecticut  
1 homeownership unit  
\$25,000 grant  
6 Clairmont Court, Norwich

**New London, Connecticut**

Liberty Bank  
Habitat for Humanity of Eastern Connecticut  
1 homeownership unit  
\$25,000 grant  
43 Summer Street, New London

**Old Saybrook, Connecticut**

Essex Savings Bank  
Elderly Housing Development Corp  
of Old Saybrook  
9 rental units  
\$880,776 grant and subsidy, \$935,000 advance  
Saybrook Village South

**Stamford, Connecticut**

First County Bank  
Shelter for the Homeless, Inc.  
14 rental units  
\$696,268 grant and subsidy, \$703,389 advance  
Lighthouse I

**Willimantic, Connecticut**

Savings Institute Bank and Trust Company  
Northeastern Connecticut Community  
Development Corporation, Inc.  
16 rental units  
\$825,797 grant and subsidy, \$800,000 advance  
699 Main Street

**Bar Harbor, Maine**

Camden National Bank  
Community Housing of Maine, Inc.  
6 rental units  
\$300,000 grant  
Parish House Apartments

**Brunswick, Maine**

Bath Savings Institution  
Habitat for Humanity/7 Rivers Maine  
4 Homeownership units  
\$110,000 grant  
Hope Lane Subdivision

**Old Orchard Beach, Maine**

The Bank of Maine  
Oceanview Manor, Inc.  
58 rental units  
\$500,000 grant  
Oceanview Manor, Inc.

**Portland, Maine**

Gorham Savings Bank  
Avesta Housing Development Corporation  
30 rental units  
\$851,369 grant and subsidy, \$871,698 advance  
Bishop Street Apartments

**Portland, Maine**

Norway Savings Bank  
Avesta Housing Development Corporation  
34 rental units  
\$949,362 grant and subsidy,  
\$1,264,127 advance  
73 Powsland Street

**Presque Isle, Maine**

Bangor Savings Bank  
Aroostook Band of Micmacs  
40 rental units  
\$350,000 grant  
Micmac LIHTC Revitalization Project #1

**Westbrook, Maine**

Gorham Savings Bank  
Westbrook Development Corporation  
38 rental units  
\$823,663 grant and subsidy,  
\$1,200,000 advance  
Mill Brook Estates Phase II

**Yarmouth, Maine**

Bath Savings Institution  
Avesta Housing Development Corporation,  
Yarmouth Senior Housing, Inc.  
28 rental units  
\$957,602 grant and subsidy,  
\$1,123,647 advance  
Bartlett Circle Two

**Attleboro, Massachusetts**

Bristol County Savings Bank  
Kennedy-Donovan Center, Inc.  
10 rental units  
\$389,973 grant and subsidy, \$390,000 advance  
KDC 2014 Redevelopment Project

**Ayer, Massachusetts**

Leominster Credit Union  
Habitat for Humanity North Central  
Massachusetts, Inc.  
1 homeownership unit  
\$29,285 grant  
76 Central Ave Ayer, MA

**Beverly, Massachusetts**

Eastern Bank  
Harborlight Community Partners, Inc.  
30 rental units  
\$500,000 grant  
Harborlight House

**Billerica, Massachusetts**

Enterprise Bank and Trust Company  
Habitat for Humanity of Greater Lowell  
1 homeownership unit  
\$28,000 grant  
Friendship St, Billerica



**Boston, Massachusetts**

Eastern Bank  
Planning Office for Urban Affairs  
38 rental units  
\$617,538 grant and subsidy, \$775,000 advance  
48 Boylston Rehab

**Boston, Massachusetts**

Eastern Bank  
Planning Office for Urban Affairs  
50 rental units  
\$660,478 grant and subsidy,  
\$1,275,000 advance  
48 Boylston New Construction

**Burlington, Massachusetts**

Boston Private Bank & Trust Company  
Northeast Arc, Inc.  
8 rental units  
\$557,473 grant and subsidy, \$832,000 advance  
Burlington II

**Fall River, Massachusetts**

BayCoast Bank; Mechanics' Co-Operative  
Bank; St. Anne's Credit Union of Fall River;  
Fall River Five Cents Savings Bank;  
Bristol County Savings Bank  
Steppingstone, Inc.  
50 rental units  
\$691,827 grant and subsidy, \$699,016 advance  
The First Step Inn Initiative

**Hanover, Massachusetts**

Rockland Trust Company  
Planning Office for Urban Affairs  
37 rental units  
\$500,000 grant  
Kennedy Building Apartments

**North Dartmouth, Massachusetts**

BayCoast Bank  
Dartmouth Housing Authority  
9 rental units  
\$500,000 grant  
O'Connor-Sisson House

**Roxbury, Massachusetts**

Eastern Bank  
Nuestra Comunidad Development Corporation  
32 rental units  
\$711,567 grant and subsidy,  
\$1,395,000 advance  
Bartlett Place Building B - LIHTC Project

**Roxbury, Massachusetts**

Boston Private Bank & Trust Company  
Elizabeth Stone House  
27 rental units  
\$677,052 grant and subsidy,  
\$1,000,000 advance  
Washington Westminster House

**Salisbury, Massachusetts**

Newburyport Five Cents Savings Bank  
Turning Point, Inc.  
10 rental units  
\$348,701 grant and subsidy, \$433,688 advance  
Denrael

**Salisbury, Massachusetts**

Institution for Savings in Newburyport  
and its Vicinity  
Young Women's Christian Association  
of Newburyport  
42 rental units  
\$945,396 grant and subsidy,  
\$1,093,672 advance  
The Residences at Salisbury Square

**Spencer, Massachusetts**

People's United Bank  
South Middlesex Opportunity Council, Inc.  
42 rental units  
\$671,679 grant and subsidy, \$990,000 advance  
Bixby Road Spencer

**Springfield, Massachusetts**

Westfield Bank  
Spring Meadow Association of Responsible  
Tenants, Inc. (SMART)  
262 rental units  
\$500,000 grant  
Spring Meadow Apartments

**Stoughton, Massachusetts**

Middlesex Savings Bank  
United Cerebral Palsy Association of  
MetroBoston, Inc.  
4 rental units  
\$219,100 grant  
Plain Drive - Stoughton, MA

**Tewksbury, Massachusetts**

Eastern Bank  
Habitat for Humanity of Greater Lowell  
1 homeownership unit  
\$28,000 grant  
State St, Tewksbury

**Vineyard Haven, Massachusetts**

Edgartown National Bank  
Island Housing Trust Corporation  
6 rental units  
\$291,436 grant  
Village Court - Rental Housing Project

**Worcester, Massachusetts**

Commerce Bank & Trust Company  
Habitat for Humanity - Metrowest/Greater  
Worcester Inc.  
1 homeownership unit  
\$25,000 grant  
Kendig Street, Worcester

**Hanover, New Hampshire**

Mascoma Savings Bank, FSB  
Twin Pines Housing Trust  
15 rental units  
\$366,645 grant and subsidy, \$409,195 advance  
Gile Hill Apartments Phase II (GHAP2)

**Keene, New Hampshire**

People's United Bank  
Southwestern Community Services, Inc. (SCS)  
26 rental units  
\$295,000 grant  
Westmill Senior

**Manchester, New Hampshire**

Citizens Bank, N.A.  
Manchester Housing and Redevelopment  
Authority  
20 rental units  
\$285,755 grant and subsidy, \$275,000 advance  
South Main Supported Apartments

**Rochester, New Hampshire**

Profile Bank, FSB  
17 Glenwood Avenue, LLC, Housing Authority  
of the City of Rochester  
24 rental units  
\$720,000 grant and subsidy, \$720,000 advance  
Glenwood Manor

**Middletown, Rhode Island**

BankNewport  
Lucy's Hearth  
15 rental units  
\$500,000 grant  
Lucy's Hearth New Facility and Expansion

**Pawtucket, Rhode Island**

Bank Rhode Island  
Omni Development Corporation, Pawtucket  
Housing Authority, WinnDevelopment  
Company Limited Partnership  
101 rental units  
\$500,000 grant  
Prospect Heights Phase 1

**Pawtucket, Rhode Island**

Bank Rhode Island  
Omni Development Corporation, Pawtucket  
Housing Authority, WinnDevelopment  
Company Limited Partnership  
209 rental units  
\$500,000 grant  
Prospect Heights Phase 2

**Providence, Rhode Island**

Coastway Community Bank  
Women's Development Corporation,  
Riverwood Mental Health Services  
51 rental units  
\$500,000 grant  
Dean Street Studios



**Providence, Rhode Island**

Bank Rhode Island  
Stop Wasting Abandoned Property (SWAP)  
46 rental units  
\$500,000 grant  
Revitalize SouthSide

**Bennington, Vermont**

People's United Bank  
Shires Housing, Inc.  
23 rental units  
\$602,874 grant and subsidy, \$266,878 advance  
Bennington Historic Rehabilitation Project

**Burlington, Vermont**

Merchants Bank  
Housing Vermont, Committee on Temporary  
Shelter  
14 rental units  
\$400,000 grant  
95 North Avenue

**Hinesburg, Vermont**

People's United Bank  
Cathedral Square Corporation,  
Housing Vermont  
24 rental units  
\$300,000 grant  
Kelley's Field

**Melbourne, Florida**

Boston Private Bank & Trust Company  
Preservation of Affordable Housing, Inc.  
191 rental units  
\$997,662 grant and subsidy,  
\$1,400,000 advance  
Trinity Towers West

**Albany, New York**

Citizens Bank, N.A.  
WinnDevelopment Company Limited  
Partnership, Albany Housing Authority  
103 rental units  
\$454,329 grant  
Livingston Apartments

**Philadelphia, Pennsylvania**

Citizens Bank, N.A.  
New Kensington Community Development  
Corporation  
51 rental units  
\$500,000 grant  
Orinoka Mills Civic House

**SAVE THE DATE**

Federal Home Loan Bank of Boston  
Annual Shareholders Meeting  
April 24, 2015  
Boston Newton Marriott

**Keynote Speakers**

**John Avalon and Margaret Hoover**

Independent John Avlon is editor-in-chief of The Daily Beast and a CNN political analyst. He is also the author of two books: *Independent Nation: How Centrists Can Change American Politics*, and *Wingnuts: How the Lunatic Fringe is Hijacking America*.

Margaret Hoover is a Republican strategist and best-selling author of *American Individualism: How A New Generation of Conservatives Can Save the Republican Party*. She is a veteran of the Bush Administration, a CNN political contributor, and has appeared on numerous television programs.

At the podium, through fun and humorous banter, this married couple breathes new life into old debates. Join us as **Neil Levesque**, executive director, New Hampshire Institute of Politics, St. Anselm College, moderates this lively exchange on bipartisanship, the state of Washington politics, and the issues of the day. ■



Sigrid Estrada



Carpenters renovate a house at the AHP-funded Maliseet Riverside Village renovation project in Houlton, Maine. See article and additional photos on pages 13 to 15.

## THE LAST WORD

### FHLB Boston Around the Region

#### AHP RIBBON-CUTTING, 135 LAFAYETTE STREET, SALEM, MASSACHUSETTS

On September 27, 2014, the Planning Office for Urban Affairs hosted a ribbon-cutting at 135 Lafayette Street in Salem. Awarded a \$400,000 Federal Home Loan Bank of Boston Affordable Housing Program grant, this 51-unit rental initiative sponsored by the Planning Office included the demolition of former church property and construction of new affordable housing. The majority of the apartments on the site have been set aside for residents with incomes less than 50 percent of area median income. In addition to the AHP, support for the initiative included Low Income Housing Tax Credits, HOME funds, Massachusetts Department of Housing and Community Development funding, MassHousing Funding, and Massachusetts Housing Partnership funding.



Top left, Joanne Sullivan, vice president/ director of government and community relations at the Federal Home Loan Bank of Boston, and Aaron Gornstein, undersecretary for housing and community development for the Commonwealth of Massachusetts. Top right, children playing outside 135 Lafayette Street.

Bottom, from the left, Juana Guerrero, resident; Dori Conlon, Bank of America; Joanne Sullivan; Kim Driscoll, mayor of Salem; Lucy Corchado, president of the Point Neighborhood Association; Cardinal Sean O'Malley; Lisa Alberghini, president, Planning Office for Urban Affairs; Aaron Gornstein; Father Daniel Riley; Scott Chakoutis, Peabody Properties; Solemnidad Rodriguez, property manager; and Madeline Franklin, resident.

(Photos by Greg Tracy)



Donald P. Messier  
2VP Corporate Development  
— National Life Group

“FHLB Boston provides reliable liquidity.

That's a hugely valuable resource from a Treasury perspective as well as for rating agencies, regulators, and policyholders. Contingent liquidity also lets us take advantage of opportunities when the conditions are right. It gives us more options and flexibility, and helps us support the housing market.

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