



HOUSING & COMMUNITY DEVELOPMENTS

New Law Affects FHLBank

Passage of the Housing and Economic Recovery Act of 2008 (HERA) in July 2008 marked a turning point for government action in response to the ongoing housing crisis and larger economic downturn. While the impact of the HERA on the FHLBank and the financial industry is still unfolding, some effects are immediate. The FHLBank is under a new federal regulator, the Federal Housing Finance Agency, along with Fannie Mae and Freddie Mac. Under temporary authority, the U.S. Treasury has the ability to purchase obligations issued by the FHLBanks. Longer term, the FHLBank will participate in reviews or studies on capital standards, pledged collateral, securitization of purchased mortgages and housing goals. Under HERA, the critical role of the FHLBanks to the housing finance markets was reinforced. As presented in this issue of *Developments*, the FHLBank continues to engage in broad efforts to help ease credit constraints and assist distressed households. ♦



In June 2008, **Andy Howell** (far left), Executive Vice President and Chief Operating Officer, FHLBank, participated in a Congressional field hearing held in Cleveland, Ohio, to report on the housing crisis and review current and future mitigation efforts.

Preserving the American Dream



(Cincinnati) Seated, from left to right: **David Hehman**, President, FHLBank; **Sister Barbara Busch**, Executive Director, Working in Neighborhoods; **Gretchen Schmidt**, President and CEO, Franklin Savings and Loan Company. Standing, from left to right: **Pat Hart**, Vice President-Lending, Eagle Savings Bank; **Gema Bahns**, Hispanic Initiatives Program Coordinator, Fifth Third Bank; **Greg Meyers**, Vice President and Chief Lending Officer, Franklin Savings; **Linda Boiman**, Vice President, Mortgage Manager and CRA Officer, North Side Bank and Trust; **Joe Ventre**, Vice President-Residential Lending, Cincinnati Federal Savings and Loan; **Carl Kissinger**, President, Warsaw Federal Savings and Loan; **Nan Cahall**, District Representative, Cincinnati Office, Office of Senator George Voinovich (R-OH).

Anti-foreclosure efforts throughout the FHLBank's Fifth District of Kentucky, Ohio and Tennessee received a boost this fall when the FHLBank awarded \$2.1 million in grants to 11 targeted cities and regions to help at-risk families remain in their homes. The new program was established by the FHLBank Board of Directors in the spring of 2008 to augment ongoing efforts to address the rising tide of mortgage foreclosures. "Our members and housing partners told us of the difficulties they had coping with foreclosure in some of their communities," said FHLBank President David Hehman. "In many cases, the homeowners needed just a few thousand dollars to become current on their mortgages and stay in their homes. These are the families we are trying to reach and for whom we believe we can make a difference."

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President's Message



On September 7, 2008, the day Fannie Mae and Freddie Mac were put into conservatorship, our new regulator offered a welcomed vote of confidence to the Federal Home Loan Banks. James Lockhart, Director of the Federal Housing Finance Agency,

noted, "The Federal Home Loan Banks have performed remarkably well over the last year as they have a different business model...and a different capital structure that grows as their lending activity grows."

We appreciate the recognition of our successful cooperative structure, particularly in these uncertain times. We have stayed true to our mission, to provide liquidity to our members in support of housing and community development. Our recently announced third-quarter financial results demonstrate the active role we play in this environment. Advances (secured loans) to members, the core of our mission, grew by 18 percent to more than \$62 billion from year-end 2007. While we have a new legislative framework under which to operate, with passage of the Housing and Economic Recovery Act of 2008, our day-to-day activity is still driven by the needs of our members and their communities.

In this issue of *Developments*, you will read the results of some of our efforts to fulfill our mission, from our Board of Directors' foreclosure mitigation grant initiative, *Preserving the American Dream*, to our well-tested congressionally established Affordable Housing Program.

We remain resolute in helping to make decent, affordable housing available to those who need it most. We can best achieve this goal by continuing to provide a readily available supply of low-cost funding to our members. Under the direction of an engaged board, the dedication of talented staff, and the support of our members, housing partners and advocates, we will continue to face the challenging environment with the tools needed to carry out our mission.

Sincerely,

David H. Hehman, *President*

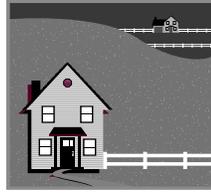


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HOUSING & COMMUNITY DEVELOPMENTS

is a semiannual publication of the Federal Home Loan Bank of Cincinnati (FHLBank). It seeks to inform audiences about affordable housing and community development activities within the FHLBank's Fifth District of Kentucky, Ohio and Tennessee.

For more information about FHLBank housing and development programs, contact Senior Vice President-Housing and Community Investment **Carol Peterson** at PetersonCM@fhlbcin.com or toll-free phone 888-345-2246. For legislative/regulatory questions or to publicize your upcoming project in a future issue, contact Vice President-Public Affairs **Melissa Dallas** at DallasMD@fhlbcin.com or toll-free phone 877-925-3452.

Kentucky Governor, First Lady Attend Treatment Center Dedications

Beshears Support Programs in Lexington, Florence, as part of Statewide Recovery Initiative



Brighton Recovery Center for Women, Florence, Kentucky



Hope Center Men's Recovery Program, Lexington, Kentucky

*Pictured in Florence during the Brighton Women's Recovery Center ribbon-cutting ceremony were, left to right: **Amy Beck**, Vice President-Business Development, First Security Trust Bank, Florence; **Bill Beitler**, President/COO, First Security Trust Bank; **David Hehman**, President/CEO, FHLBank; **Bob Brewster**, Executive Director, Brighton Center; Kentucky First Lady/Recovery Kentucky Task Force Co-Chair **Jane Beshear**; **Sarah Hughes**, Chair, Brighton Center Board of Directors; Judge Executive **Gary Moore**, Boone County; **Stacia Peyton**, Department for Local Government; **Rick McQuady**, CEO, Kentucky Housing Corporation; **Kimberly Potter-Blair**, Deputy Commissioner-Support Services, Kentucky Department of Corrections; **Tom Beiting**, Chair, Brighton Properties Board of Directors; **Harold Kremer**, Ambassador, Northern Kentucky Chamber of Commerce.*



Kentucky Governor Steve Beshear (left) visits with FHLBank President David Hehman during the Hope Center Men's Recovery Facility dedication in Lexington.

Kentucky Governor Steve Beshear and his wife, First Lady Jane Beshear, each took part this year in dedication ceremonies for treatment centers in their state. The building of the centers is part of Recovery Kentucky, a statewide initiative that involves the construction of 10 treatment facilities that will help thousands break the cycle of addiction to alcohol and/or drugs. The FHLBank provides financial support to each of the centers.

On May 22, 2008, Governor Beshear attended the ribbon-cutting ceremony for the Hope Center Men's Recovery Program facility in Lexington. FHLBank member institution Central Bank and Trust Company, Lexington, partnered with nonprofit sponsor Hope Center, Inc. to receive a \$1 million direct grant from the FHLBank's Affordable Housing Program. The \$3.2 million center features 36 beds and 60

efficiency units for very low- and low-income chemically dependent men with special needs.

On July 16, 2008, First Lady Beshear took part in the dedication of the Brighton Recovery Center for Women in Florence. FHLBank member institution First Security Trust Bank, Florence, partnered with nonprofit sponsor Brighton Properties to receive a \$500,000 direct grant also from the FHLBank's Affordable Housing Program. The \$3.3 million facility features 38 energy-efficient units for very low- and low-income women who are chemically dependent.

In May, FHLBank Senior Vice President-Housing and Community Investment Carol Peterson was appointed by Governor Beshear as a member of the Recovery Kentucky Task Force. The group oversees Recovery Kentucky, ensuring that the initiative remains a priority of state government.



Preserving the American Dream

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The program enlists qualified housing counseling agencies to help lenders assist their borrowers avoid foreclosure. Income-eligible homeowners will receive loss/mitigation assistance, foreclosure counseling, and up to \$2,500 for “rescue funds” to bring mortgage payments current. A lead lender is identified for each of the 11 grants to administer disbursement of funds in coordination with the participating nonprofits.

Funding announcements were held as follows:

- **August 26, 2008:** Ravenna, OH, Huntington National Bank and Neighborhood Development Services;
- **August 26:** Cleveland, OH, Fifth Third Bank and Neighborhood Housing Services of Greater Cleveland;
- **August 29:** Cincinnati, OH, Franklin Savings and Loan Company and Working in Neighborhoods;
- **September 5:** Akron, OH, Third Federal Savings and Loan Association of Cleveland and East Akron Neighborhood Development Corp.;
- **September 15:** Fremont, OH, Genoa Banking Company and WSOS Community Action Commission;
- **September 15:** Toledo, OH, National City Bank and Neighborhood Housing Services of Toledo/Toledo Fair Housing Center;
- **September 24:** Bowling Green, KY, Independence Bank and Housing Assistance and Development Services;
- **September 25:** Fairborn, OH, Wright-Patt Credit Union and St. Mary Development Corp./Homeownership Center of Greater Dayton;
- **September 29:** Lexington and Louisville, KY, Republic Bank and Trust Company and NeighborWorks Alliance of Kentucky (Community Ventures Corp./The Housing Partnership/EAHE/Frontier Housing);
- **October 17:** Nashville, TN, Pinnacle National Bank and Woodbine Community Organization;
- **October 22:** Johnson City, TN, Bank of Tennessee and Eastern Eight Community Development Corporation.

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(Bowling Green) From left to right: **Sally Elmes**, Loan Banking Executive, South Central Bank; **Mike Davenport**, Senior Executive Officer, Monticello Banking Company; **Jim Watkins**, Vice President-CRA Officer, PBI Bank; **Betty Minnehan**, Residential Loan Mortgage Officer, National City Bank; **Randy Pauley**, Senior Vice President, Leitchfield Deposit Bank and Trust; **Deborah Williams**, Executive Director, Housing Assistance and Development Services; **Chris Young**, Senior

Lender, Independence Bank; Mayor **Elaine Walker**, City of Bowling Green; Judge Executive **Mike Buchanon**, Warren County; **Paul Imwalle**, Senior Vice President-Member Services, FHLBank.



Reinvestment Officer, SW Region, National City Bank; **Al Butler**, Assistant Vice President-Community Affairs, Fifth Third Bank; **Margie Bunch**, Senior Mortgage Loan Officer, River Valley Credit Union; **Amy Hufford**, Default Workout Manager, Liberty Savings Bank; **Beth Deutscher**, Executive Director, HomeOwnership Center of Greater Dayton; **Steve Shore**, Executive Vice President, Loan Account Services, Universal 1 Credit Union; **John Theobald**, Mortgage Manager, Day Air Credit Union.



(Cleveland) From left to right: **Lou Tisler**, Executive Director, Neighborhood Housing Services of Greater Cleveland; **Scenario Adebisin**, Vice President, Manager, Community Development, Fifth Third Bank (Northeast Ohio); **Andy Howell**, Executive Vice President and Chief Operating Officer, FHLBank.

Preserving the American Dream Awards ■ July 2008

KENTUCKY

\$100,000

Primary member: Independence Bank

Sponsor: Housing Assistance and Development Services

Consortium: Wilson & Muir Bank & Trust Company; The Cecilian Bank; South Central Bank of Barren County, Inc.; PBI Bank; Leitchfield Deposit Bank and Trust Company; Monticello Banking Company; National City Bank

Project Location: Kentucky counties: Allen, Barren, Butler, Casey, Clinton, Cumberland, Daviess, Edmonson, Grayson, Hancock, Hardin, Hart, Henderson, Logan, McCracken, McLean, Metcalf, Monroe, Nelson, Ohio, Pulaski, Russell, Simpson, Warren, Wayne, and Webster

\$400,000

Primary member: Republic Bank & Trust Company

Sponsor: Community Ventures Corp / The Housing Partnership / FAHE / Frontier Housing

Consortium: The Farmers Bank and Trust Company; Central Bank & Trust Co.; Liberty Alliance Federal Credit Union; Kentucky Bank

Project Location: Kentucky statewide (52 of 120 counties)

OHIO

\$200,000

Primary member: Fifth Third Bank

Sponsor: Neighborhood Housing Services

Consortium: FirstMerit Bank, N.A.; National City Bank; AmTrust Bank; Third Federal Savings and Loan Association of Cleveland; The Huntington National Bank

Project Location: Ohio counties: Cuyahoga, Erie, Huron, and Lorain

\$200,000

Primary member: The Franklin Savings and Loan Company

Sponsor: Working in Neighborhoods

Consortium: The Cincinnati Savings & Loan Co.; Cincinnati Federal Savings and Loan Association; The North Side Bank and Trust Company; Eagle Savings Bank; Warsaw Federal Savings and Loan Association of Cincinnati; Fifth Third Bank

Project Location: Ohio counties: Butler, Clermont, Hamilton, and Warren; Northern Kentucky

\$200,000

Primary member: The Genoa Banking Company

Sponsor: WSOS Community Action Commission

Consortium: The First National Bank of Bellevue; The Citizens National Bank of Bluffton; Clyde-Findlay Area Credit Union; First Ohio Credit Union, Incorporated; The Croghan Colonial Bank; Fremont Federal Credit Union; Superior Federal Credit Union; The Marblehead Bank; The National Bank of Oak Harbor; The Citizens Banking Company; Directions Credit Union; The Commercial Savings Bank

Project Location: Ohio counties: Allen, Erie, Hancock, Huron, Lucas, Ottawa, Putnam, Sandusky, Seneca, Wood, and Wyandot

\$200,000

Primary member: The Huntington National Bank

Sponsor: Neighborhood Development Services

Consortium: FirstMerit Bank, N.A.; KeyBank, N.A.; Fifth Third Bank; The Bankers Guarantee Title & Trust Company; Home Savings Bank; The Home Savings and Loan Company of Youngstown, Ohio

Project Location: Ohio counties: Ashtabula, Belmont, Carroll, Columbiana, Coshocton, Lake, Geauga, Guernsey, Harrison, Jefferson, Mahoning, Monroe, Noble, Portage, Trumbull, and Tuscarawas

\$200,000

Primary member: National City Bank

Sponsor: Neighborhood Housing Services of Toledo / The Fair Housing Center

Consortium: KeyBank, N.A.; The Huntington National Bank; Fifth Third Bank; Directions Credit Union

Project Location: Ohio – Lucas county



\$100,000

Primary member: Third Federal Savings and Loan Association of Cleveland

Sponsor: East Akron Neighborhood Development Corp

Consortium: North Akron Savings Bank; FirstMerit Bank, N.A.; U.S. Bank, N.A.; National City Bank; The Huntington National Bank; Fifth Third Bank

Project Location: Ohio counties: Medina, Stark, and Summit

\$200,000

Primary member: Wright-Patt Credit Union

Sponsor: St. Mary Development Corp / Homeownership Center of Greater Dayton

Consortium: National City Bank; Fifth Third Bank; Universal 1 Credit Union, Inc.; Day Air Credit Union, Inc.; Liberty Savings Bank, F.S.B.; River Valley Credit Union, Inc.

Project Location: Ohio counties: Clinton, Darke, Fayette, Greene, Miami, Montgomery, Preble, and Shelby

TENNESSEE

\$100,000

Primary member: Bank of Tennessee

Sponsor: Eastern Eight Community Development Corporation

Consortium: State of Franklin Savings Bank

Project Location: Tennessee counties: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington

\$200,000

Primary member: Pinnacle National Bank

Sponsor: Woodbine Community Organization

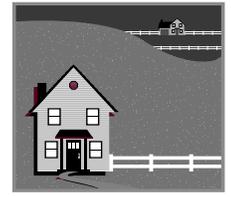
Consortium: U.S. Bank, N.A.; Community Bank & Trust; Citizens Bank; Fifth Third Bank, N.A.; Volunteer State Bank

Project Location: Tennessee counties: Bedford, Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Marshall, Maury, Montgomery, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson





FHLBank Awards \$12.6 Million during AHP Round One 2008



The FHLBank is pleased to announce the recipients of the first of two rounds of Affordable Housing Program (AHP) funding for 2008.

Twenty-seven institutions will receive \$12.6 million in AHP subsidy to create 964 units of housing affordable to low- and moderate-income residents served by members of the Fifth District.

Since the program's inception in 1990, the FHLBank has awarded \$287.5 million to help create more than 45,000 units of lower-income housing.

KENTUCKY MEMBER AWARDS

Wilson & Muir Bank and Trust Company, Bardstow, and **Housing Assistance aNd Development Services**, 32 rental units in Munfordville

The Cecilian Bank, Elizabethtown, and **Appalachian Children's Home**, 8 rental units in Barbourville

First Federal Savings & Loan Association, Hazard, and **Housing Development Alliance**, 12 owner-occupied units in Perry County

Central Bank & Trust Co., Lexington, and **Bluegrass Domestic Violence Program**, 32 rental units in Lexington

Whitaker Bank, Lexington, and **Morehead Area Habitat for Humanity**, 4 owner-occupied units in Morehead

Cumberland Valley National Bank and Trust Company, London, and **Kentucky Highlands Investment Corp.**, 4 owner-occupied units in Albany

1st Independence Bank, Louisville, and **Habitat for Humanity Mercer County**, 3 owner-occupied units in Harrodsburg

Monticello Banking Company, Monticello, and **Housing Assistance aNd Development Services**, 24 rental units in Burksville

Community Trust Bank, Pikeville, and **WestCare Kentucky**, 45 rental units in Pike County and Elkhorn

Community Trust Bank, Pikeville, and **Pathways**, 16 rental units in Mount Sterling

Citizens Union Bank of Shelbyville, Shelbyville, and **Interlink Counseling Services**, 98 rental units in Louisville

Commercial Bank, West Liberty, and **Kentucky Bank**, Paris, with **Frontier Housing**, 10 owner-occupied units in Rowan, Bath, Carter, Elliott, Morgan and Wolf Counties

OHIO MEMBER AWARDS

FirstMerit Bank, N.A., Akron, and **Habitat for Humanity of Greater Stark and Carroll Counties**, 20 owner-occupied units in Canton and Massilon

KeyBank, N.A., Brooklyn, and **Miami Valley Housing Opportunities**, 8 rental units in Miamisburg

KeyBank, N.A., Brooklyn, and **Low Income Housing Institute**, 75 rental units in Seattle, WA

Fifth Third Bank, Cincinnati, and **City Gospel Mission**, 58 rental units in Cincinnati

Fifth Third Bank, Cincinnati, and **Volunteers of America of Greater Ohio**, 50 rental units in Dayton

Fifth Third Bank, Cincinnati, and **New Housing Opportunities**, 32 rental units in Tiffin

Union Savings Bank, Cincinnati, and **Over-the-Rhine Community Housing**, 25 rental units in Cincinnati

National City Bank, Cleveland, and **HomeStart**, 5 rental units in Dayton

National City Bank, Cleveland, and **Tender Mercies**, 30 rental units in Cincinnati

National City Bank, Cleveland, and **Lake Communities Development Corp.**, 33 owner-occupied units in Painesville and Painesville Township

National City Bank, Cleveland, and **Holland Rescue Mission.**, 70 rental units in Holland, MI

The Huntington National Bank, Columbus, and **Logan-Belle H.A.N.D.**, 12 rental units in Bellefontaine

The Home Savings and Loan Company of Youngstown, Youngstown, and **Habitat for Humanity of Northern Columbiana County**, 2 owner-occupied units in Salem

TENNESSEE MEMBER AWARDS

Cohutta Banking Company of Tennessee, Chattanooga, and **Orange Grove Center**, 74 rental units in Chattanooga

First Financial Bank, N.A., Hamilton, and **Quality Development Housing**, 35 rental units in Monticello

The Bank of Jackson, Jackson, and **Semar Act One**, 2 rental units in Jackson

Home Federal Bank of Tennessee, Knoxville, and **Breakthrough Corp.**, 9 rental units in Knoxville

First Tennessee Bank, N.A., Memphis, and **Synergy Treatment Centers**, 92 rental units in Memphis

First Tennessee Bank, N.A., Memphis, and **Tennessee Mental Health Consumers Assn.**, 10 rental units in Memphis

MidSouth Bank, Murfreesboro, and **Habitat for Humanity of Rutherford County Area**, 6 owner-occupied units in Rutherford County

Pinnacle National Bank, Nashville, and **Nashville Area Habitat for Humanity**, 20 owner-occupied units in Nashville

Citizens First Bank, Wartburg, and **Appalachia Habitat for Humanity**, 8 owner-occupied units in Scott and Morgan Counties

Housing Nonprofit Celebrates 100th Home

Congressman Rogers Participates in Dedication



Congressman **Hal Rogers** (R-KY, 5th Dist.) addresses the audience during the Housing Development Alliance's 100th completed home celebration.

On June 13, 2008, Congressman Hal Rogers (R-KY, 5th Dist.) and FHLBank President David Hehman helped nonprofit organization Housing Development Alliance celebrate the completion of the group's 100th home in the Hazard/Chavies, Kentucky, area.

"A lot can happen when a community works together, and these homes are proof of that," Congressman Rogers said. "These families now have two things they didn't have before: their own homes and a sense of community, a sense of belonging."

"This partnership clearly exemplifies our housing finance mission," explained David Hehman. "Congratulations to the many supporters involved in this community house raising. They are responsible for adding 100 new, attractive homes to the area."

Total development cost of the 15-year project was more than \$9 million. The Housing Development

Image provided by Juanita Caudill



The 100th home will be owned by **Chasity Neace**, who will live there with her two daughters.

Alliance's partnership with FHLBank member institution First Federal Savings and Loan Association of Hazard accounted for many of the units produced. This partnership, which dates back to 2004, has received FHLBank Affordable Housing Program awards totaling \$750,000 to help create 30 units for first-time homebuyer families. In addition, it received FHLBank American Dream Homeownership Challenge awards totaling \$500,000 to help 10 disabled families achieve their goals of homeownership. ♦

Sixteen Homes Dedicated as Part of Large Nashville Habitat Subdivision

Congressman Cooper Praises Partnership

On April 20, 2008, Congressman Jim Cooper (D-TN, 5th Dist.) helped project sponsors and supporters dedicate the first 16 homes in Timberwood, a 112-home Habitat for Humanity neighborhood in Nashville, Tennessee. The Congressman congratulated all involved on their accomplishments.

FHLBank member institution Pinnacle National Bank, Nashville, and nonprofit sponsor Nashville Area Habitat for Humanity partnered to receive funds from two FHLBank affordable housing programs: a \$223,000 direct grant from the Affordable Housing Program, which created 45 units of owner-occupied housing for low-income, first-time homebuyer families, and a \$100,000 grant from the American Dream Homeownership Challenge, which will help two physically disabled households become homeowners.

Land development and home construction began this year, and the 25-acre Timberwood site is expected to be complete in mid-2010. ♦



Congressman **Jim Cooper** (D-TN, 5th Dist.) visits with (left) **Denise Becker**, Family Selection Director, Nashville Area Habitat for Humanity, and (right) first-time homeowner **Beatrice Bender**, during the Timberwood first phase open house.

FHLBank Invests in Rural Kentucky Housing and Infrastructure

Congressman Davis Attends Ribbon-Cutting Ceremony

Pictured in Tollesboro during the Katelyn Corner ribbon-cutting ceremony were, left to right: **Russ Thomason**, USDA Rural Development, Kentucky; **Jeff Reynolds**, Vice President-Housing and Community Investment, FHLBank; **Congressman Geoff Davis** (R-KY, 4th Dist.); **Krista Mills**, Kentucky Field Office Director, U.S. Department of Housing and Urban Development; **Mark Offerman**, Chief Program Officer, Kentucky Housing Corporation; **Dave Kreher**, Executive Director, People's Self Help Housing, Inc.



Congressman Davis speaks with project sponsors and supporters.

On March 26, 2008, Congressman Geoff Davis (R-KY, 4th Dist.) visited Tollesboro, Kentucky, to participate in the dedication of Katelyn Corner, a mixed-use subdivision with both homeownership and rental opportunities.

FHLBank member institution Citizens Deposit Bank, Vanceburg, and nonprofit sponsor Peoples Self Help Housing, Inc. have partnered for years to take advantage of FHLBank housing and community investment programs that will assist their community. In all, \$1.7 million in Affordable Housing Program grants has helped fund 55 units of affordable housing.

For Katelyn Corner, the partnership utilized the FHLBank's Zero-Interest fund to receive a \$100,000 advance at zero interest for 18 months. The monies were used primarily to help develop the infrastructure required on the project's 10-acre parcel. The partnership also received a \$425,000 Affordable Housing Program grant to help construct 10 houses, some of which are located in Katelyn Corner. ◆

Katelyn Corner, Tollesboro, Kentucky

