

No.: 97-54

Date: August 22, 1997

FEDERAL HOUSING FINANCE BOARD

Increase in Affordable Housing Program (AHP) Subsidy
for Creative Real Assets For Tomorrow (CRAFT) Project (96A0602)

WHEREAS, Subsection 10(j) of the Federal Home Loan Bank Act (12 U.S.C. § 1430(j)) requires that each Federal Home Loan Bank (FHLBank) establish an Affordable Housing Program (AHP);

WHEREAS, the Federal Housing Finance Board (Finance Board) has adopted regulations for the operation of the AHP by the FHLBanks codified at 12 C.F.R. Part 960. The AHP regulation requires that the Finance Board determine which applications for AHP awards are to be funded. (12 C.F.R. §960.5(f));

WHEREAS, on March 7, 1996, the Finance Board approved an AHP application from Citizens National Bank, for an AHP direct subsidy of \$100,000 and an additional \$6,181 direct subsidy to subsidize an advance of \$174,640 from the Federal Home Loan Bank of Indianapolis (Indianapolis Bank) to assist in the rehabilitation of 15 owner-occupied units and the acquisition of 5 single-family homes to be sold to first-time homebuyers in Madison, Indiana, sponsored by the Transitions Resources Corporation/Telamon. See Board Resolution 96-119;

WHEREAS, since the approval of the AHP application, the Indianapolis Bank, through a year-end reconciliation, has determined that the original subsidy calculated was based on an error in the term of the advance in the original AHP application which has resulted in the recalculation of the subsidy and an increase in the amount of AHP subsidy needed for the Project;

WHEREAS, the Indianapolis Bank is requesting approval of a modification in the AHP subsidy that would increase the total amount of AHP subsidy from \$106,181 to \$121,687, due to the error in the advance term. The proposed modification will result in the AHP subsidy per unit for the Project increasing from \$5,309 to \$6,084 per unit. The Project has been restored and both the effectiveness and total scores are reduced but the Project ranking will remain the same in its original funding round; and

WHEREAS, the Finance Board has determined that the Project, as modified by the requested increase in AHP subsidy, would be in accordance with the Bank Act, the AHP regulation, and existing Finance Board policy;

NOW, THEREFORE, IT IS RESOLVED, that based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f)(3), the Finance Board approves the increase in AHP subsidy from \$106,181 to \$121,687 due to the change in the advance term for the Project.

By the Board of Directors of the
Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "Bruce A. Morrison". The signature is stylized with a large, sweeping initial "B" and "M".

Bruce A. Morrison
Chairman