

DECISION MEMORANDUM OF THE FINANCE BOARD  
ACTING WITHOUT A QUORUM

Date: May 16, 1994  
No. 94-DM- 14

ISSUE:

The Federal Home Loan Bank of Boston (Boston Bank) has requested Federal Housing Finance Board (Finance Board) approval of an increase in Affordable Housing Program (AHP) funds awarded to Peoples Heritage Savings Bank (Peoples) on behalf of Islesboro Affordable Property (IAP) in order to pay for increased project costs and changes in financing sources.

FACTORS CONSIDERED:

Subsection 10(j) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. § 1430 (j)) requires that each Federal Home Loan Bank (Bank) establish an AHP.

The Finance Board has adopted a regulation for the operation of the AHP by each Bank, 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)).

On December 16, 1992, the Finance Board approved an AHP application forwarded by the Boston Bank for Peoples for an AHP subsidy of \$36,000 to pay part of the development cost for the Ruthie James Subdivision Project sponsored by IAP.

Subsequent to the approval of the AHP award there have been unanticipated changes in the sources of financing available to the project and increases in project costs.

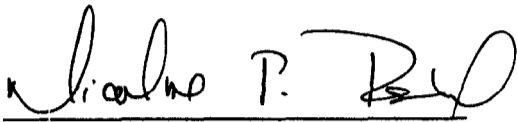
The Boston Bank and Peoples have requested a modification in the AHP direct subsidy award to increase the amount of AHP subsidy from \$36,000 to \$48,000 to partially cover the increases in project costs. The proposed modification does not change the original scoring of the application.

The Housing Finance Directorate staff recommends the approval of the increase in AHP subsidy from \$36,000 to \$48,000 in order to help pay for unanticipated increases in the total costs of the project and changes in the financing sources.

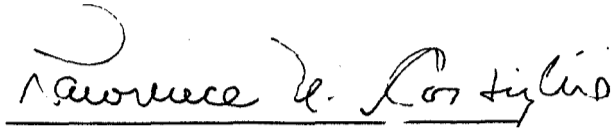
The Finance Board determined that the request to increase the AHP award was in accordance with the Bank Act, the AHP regulations, and existing policy.

DECISION:

Based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f), the increase in AHP funds from \$36,000 to \$48,000 to pay for increased project costs and unanticipated changes in financing sources for the Ruthie James Subdivision Project sponsored by IAP is approved.



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