

DECISION MEMORANDUM OF THE HOUSING FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: October 20, 1994
No. 94-DM-42

ISSUE:

The Federal Home Loan Bank of Chicago (FHLBank) has requested Federal Housing Finance Board (Housing Finance Board) approval of an increase in Affordable Housing Program (AHP) funds awarded to LaSalle National Bank (LaSalle) on behalf of Pride Incorporated (Pride Inc.) for the Rebecca Walker Complex (Project) in order to pay for changes in the financing terms. The request is for approval of an additional \$24,712 in subsidy provided to the Project to address changes in the terms of the financing.

FACTORS CONSIDERED:

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

The Housing 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 § 9605(f)).

On June 30, 1994, the Housing Finance Board approved an AHP application forwarded by the FHLBank for LaSalle for an AHP subsidy of \$76,965 to subsidize an advance of \$550,000 used for the Project sponsored by Pride, Inc.

Subsequent to the approval of the AHP award the FHLBank adjusted its advance to match the amortization schedule of the member's loan to the Project. The FHLBank originally calculated the amount of subsidy using a 17 year term advance with a 17 year amortization schedule. The member is making a loan to the Project with a 17 year term and a 30 year amortization schedule.

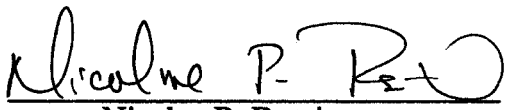
The FHLBank, LaSalle, and Pride Inc. are requesting approval of a modification in the AHP subsidy which would increase the total amount of AHP subsidy from \$76,965 to \$104,507 to compensate for the change in the terms of the financing. The proposed modification would result in the average AHP subsidy per unit of the Project increasing from \$1,203 to \$1,631 per unit. The increase in the subsidy will not affect the effectiveness score of the Project and the Project's total score will not change.

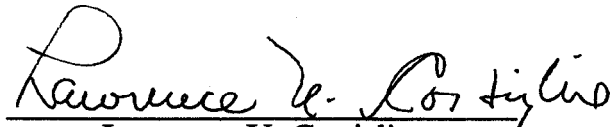
The Housing Finance Directorate staff recommends the approval of the increase in AHP subsidy from \$76,965 to \$104,507 for the Project to pay for changes in the financing terms of the project.

The Housing Finance Board has determined that the request to increase the AHP award was in accordance with the Bank Act, the AHP regulation, 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 \$76,965 to \$104,507 to pay for unanticipated changes in the financial structure for the Project sponsored by Pride, Inc. is approved.


Nicolas P. Retsinas


Lawrence U. Costiglio