

DECISION MEMORANDUM OF THE FEDERAL HOUSING FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: December 21, 1994
No.: 94-DM-70

ISSUE: Approval of the Federal Home Loan Bank (FHLBank) of San Francisco's 1995 operating expense and capital expenditure budgets as submitted by its board of directors.

FACTORS CONSIDERED:

Section 934.6 of the Federal Housing Finance Board (Housing Finance Board) Regulations requires that the Housing Finance Board approve each FHLBank's annual operating expense and capital expenditure budgets,

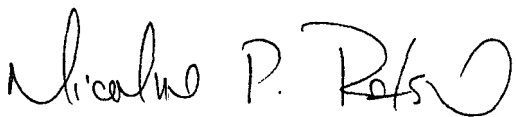
For 1995, the FHLBank of San Francisco has submitted an operating expense budget of \$29,004,000, including \$450,000 for the imputed interest cost of compensating balances, and a capital expenditure budget of \$4,128,000.

The Housing Finance Board has reviewed the 1995 budget submission relative to expected 1994 performance and within the context of a financial plan for 1995 for the entire FHLBank System.

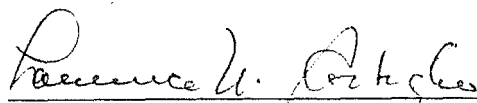
The Housing Finance Board has considered whether FHLBanks should be allowed to exceed approved budgets by a specified amount; however, lack of a quorum prevents the Housing Finance Board from acting on this consideration at this time.

DECISION: To approve the 1995 operating and capital expenditures budgets for the FHLBank of San Francisco in the amount of \$29,004,000 for operating expenses including \$450,000 for the imputed interest cost of compensating balances, and \$4,128,000 for capital expenditures subject to the following terms and conditions:

1. Following the end of each quarter, the FHLBank shall provide information as specified by the Housing Finance Board regarding the FHLBank's budget-to-actual performance.
2. The FHLBank shall adhere to the operating budget submitted to and approved by the Housing Finance Board. With district board of directors approval, the FHLBank may exceed functional area or line item budget amounts, as defined by the Housing Finance Board, so long as the FHLBank's approved total budget is not exceeded.
3. The FHLBank may reallocate funds within the capital expenditure budget with district board of directors approval so long as the total approved capital expenditures budget is not exceeded.



Nicolas P. Retsinas



Lawrence U. Costiglio