

DECISION MEMORANDUM OF THE FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: 12/27/94
No. 94-DM-7 7

ISSUE;

The Federal Home Loan Bank of Indianapolis (Indianapolis FHLBank) has requested Federal Housing Finance Board (Housing Finance Board) approval of an award of \$7,000 in Affordable Housing Program (AHP) funds to SJS Federal Savings Bank (SJS) on behalf of the South Haven Habitat for Humanity Project (Project).

FACTORS CONSIDERED:

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

The Housing Finance Board has adopted a regulation for the operation of the AHP by each FHLBank, codified at 12 C.F.R. Part 960. The AHP regulation requires that each FHLBank must notify its members of the approximate amount of funds to be offered in each funding round. (12 C.F.R. § 960.4(b)) The AHP regulation also requires that the Housing Finance Board determine which applications for AHP awards are to be funded (12 C.F.R. § 960.5(f)).

The Indianapolis FHLBank announced that approximately \$2.2 million would be available in its second funding round of 1994. The Indianapolis FHLBank recommended 38 AHP applications for approval in its second 1994 funding round, to be awarded a total of \$2.3 million. On September 30, 1994, pursuant to its authority in 12 C.F. R. § 960.5(f), the Housing Finance Board approved 38 AHP applications recommended for funding by the Indianapolis FHLBank.

Subsequent to the approval of these awards, the Indianapolis FHLBank discovered that it had incorrectly scored the application submitted by SJS for the Project and had not forwarded the application to the Housing Finance Board for approval. Originally, the Indianapolis FHLBank did not give this project the correct number of points in the targeting category. The correction of this error would increase the project's overall score and change its status from an unranked project to the thirty-second out of thirty-eight projects recommended for funding by the Indianapolis FHLBank in the second round of 1994.

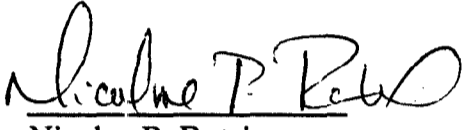
The Indianapolis FHLBank is requesting that the Housing Finance Board approve a \$7,000 AHP award to the Project to correct this error.

If the \$7,000 award were approved, the total amount of AHP funds awarded by the Indianapolis FHLBank in its second 1994 AHP funding round would remain approximately equal to the amount that the Indianapolis FHLBank previously announced would be available in that round.

The Housing Finance Directorate recommends approval of this award.

DECISION:

Based on the factors set forth above and the authority provided in 12 C.F.R. § 960.5(f), the award of \$7,000 in AHP funds for the South Haven Habitat for Humanity Project is approved for the Indianapolis FHLBank's second 1994 AHP funding round.


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