

FEDERAL HOUSING FINANCE BOARD

Affordable Housing Program Funding - First Round 1993

WHEREAS, Subsection 10(j) of the Federal Home Loan Bank Act of 1932 (12 U.S.C. § 1430 (j)) requires that each Federal Home Loan Bank ("Bank") establish an Affordable Housing Program ("AHP");

WHEREAS, the Federal Housing Finance Board ("Finance Board") adopted regulations for the operation of the AHP by the Banks effective March 1, 1991, codified at 12 C.F.R. Part 960;

WHEREAS, the Banks of Pittsburgh, Atlanta, and Indianapolis have evaluated applications for AHP funds received from Bank System member institutions in accordance with the AHP regulations, and forwarded to the Board the respective Banks' recommendations for funding of proposals; and

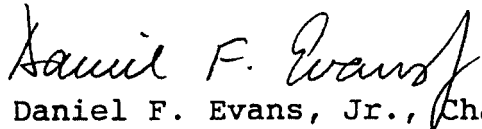
WHEREAS, the Board has reviewed the proposals submitted by the Banks and is hereby making the determination required by 12 C.F.R. § 960.5(f)(3);

NOW, THEREFORE, IT IS RESOLVED, that the Board approves AHP funding proposals for the Banks of Pittsburgh, Atlanta, and Indianapolis respectively identified in Attachments A through C to this resolution, subject to the receipt of information requested by the Housing Finance Directorate of the Finance Board ("Directorate") and deemed satisfactory by the Director or Deputy of the Directorate, and subject to the conditions set forth in Attachment D to this resolution, all of which are incorporated by reference herein:

BE IT FURTHER RESOLVED, that if a substantial modification to any AHP funding proposal approved pursuant to this resolution is proposed, the modification must be reviewed by the appropriate Bank and approved in writing by the Director or Deputy Director of the Directorate to assure that the modified AHP funding proposal would score sufficiently high enough to have been eligible for approval according to this resolution; and

BE IT FURTHER RESOLVED, that this approval is conditioned on the Bank determining at the time that AHP funds are being drawn down that the proposals continue to qualify for AHP funding in accordance with the regulations and policies of the Board.

By the Federal Housing Finance Board


Daniel F. Evans, Jr., Chairman

----- DISTRICT OF MEMBER=PITTSBURGH STATE=DE -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Wilmington	DE	Ninth Ward Savings Bank, FSB	Wilmington	DE	345.00

----- DISTRICT OF MEMBER=PITTSBURGH STATE=PA -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Philadelphia	PA	Commonwealth FSB	Valley Forge	PA	26.00
Oxford	PA	Commonwealth FSB	Valley Forge	PA	88.00
Philadelphia	PA	Commonwealth FSB	Valley Forge	PA	240.00
Norristown	PA	Commonwealth FSB	Valley Forge	PA	12.00
Collegeville	PA	Commonwealth FSB	Valley Forge	PA	72.00
Multi-county	PA	Commonwealth FSB *	Valley Forge	PA	250.00
Morrisville	PA	First Federal S&LA of Bucks County	Bristol	PA	62.00
Chester	PA	First Keystone FSB	Media	PA	45.00
Philadelphia	PA	Firstrust Savings Bank	Philadelphia	PA	150.00
Coplay	PA	Greater Bethlehem S&LA	Bethlehem	PA	82.00
Erie	PA	Northwest Savings Bank	Erie	PA	104.00
Topton	PA	Sovereign Bank	Wyomissing	PA	73.00
Fleetwood	PA	Sovereign Bank, FSB	Wyomissing	PA	99.00
Easton	PA	Valley Federal S&LA	Easton	PA	139.00
					1,442.00

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Kanawha & Putnam Counties	WV	Charleston National Bank	Charleston	WV	34.00
Kanawha & Putnam Counties	WV	First Empire FS&LA	Charleston	WV	230.00
					264.00
					2,051.00

* Multi-member Project

----- DISTRICT OF MEMBER=ATLANTA STATE=AL -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Birmingham	AL	New South Federal Savings Bank	Irondale	AL	300.00

----- DISTRICT OF MEMBER=ATLANTA STATE=FL -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Dade County	FL	Citibank, FSB	Miami	FL	125.00
Miami	FL	Citibank, FSB	Miami	FL	630.00
Boynton Beach	FL	First Fed. Sav. of the Palm Beaches	West Palm Beach	FL	256.00
Ft Myers	FL	Parkway Bank	Ft Myers	FL	100.00
STATE					1,111.00

----- DISTRICT OF MEMBER=ATLANTA STATE=GA -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Atlanta	GA	Mutual Federal S&L Assoc	Atlanta	GA	250.00
Blue Ridge	GA	Trust Company Bank of North Georgia	Gainesville	GA	347.00
Decatur	GA	Tucker FS&LA	Tucker	GA	167.00
STATE					764.00

----- DISTRICT OF MEMBER=ATLANTA STATE=MD -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Baltimore	MD	Loyola FSB	Baltimore	MD	500.00
Baltimore	MD	Loyola FSB	Baltimore	MD	282.00
Bryans Road	MD	Tri-County FSB of Waldorf	Waldorf	MD	90.00
STATE					872.00

----- DISTRICT OF MEMBER=ATLANTA STATE=NC -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Chapel Hill	NC	CB - Central Carolina Bank	Durham	NC	337.00
New Bern	NC	Raleigh Federal Savings Bank	Raleigh	NC	221.00
Ashboro	NC	Randolph Bank & Trust	Ashboro	NC	105.00
STATE					663.00

----- DISTRICT OF MEMBER=ATLANTA STATE=SC -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Charleston	SC	First FS&LA of Charleston	Charleston	SC	167.00

* Multi-member Project

AFFORDABLE HOUSING PROGRAM PROJECTS--FIRST ROUND 1993

----- DISTRICT OF MEMBER=ATLANTA STATE=SC -----

(continued)

Project City	State	Lead lender	Lender City	State	Subsidy (thou.)
Columbia	SC	The First Savings Bank, FSB	Greenville	SC	70.00
STATE					----- 237.00

Project City	State	Lead lender	Lender City	State	Subsidy (thou.)
Newport News	VA	Dominion Bank, N.A.	Roanoke	VA	300.00
Washington	DC	Dominion Bank, N.A.	Roanoke	VA	500.00
Norfolk	VA	Dominion Bank, N.A.	Roanoke	VA	50.00
Chesapeake	VA	Dominion Bank, N.A.	Roanoke	VA	100.00
Richmond	VA	Dominion Bank, N.A.	Roanoke	VA	175.00
STATE					----- 1,125.00
DISTRICT					5,072.00

* Multi-member Project

----- DISTRICT OF MEMBER=INDIANAPOLIS STATE=IN -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Hammond	IN	Calumet National Bank	Hammond	IN	150.00
Evansville	IN	Evansville Federal Savings Bank	Evansville	IN	192.00
Marion	IN	First Federal Savings Bank	Marion	IN	13.50
Evansville	IN	First Federal of Evansville	Evansville	IN	3.00
Indianapolis	IN	First Indiana Bank	Indianapolis	IN	45.00
Indianapolis	IN	First Indiana Bank	Indianapolis	IN	107.00
Indianapolis	IN	First Indiana Bank	Indianapolis	IN	87.09
Columbus	IN	Home Federal Savings Bank	Seymour	IN	23.00
Fort Wayne	IN	Home Loan Bank SB	Fort Wayne	IN	148.00
Elkhart	IN	Lake City Bank	Warsaw	IN	57.51
STATE					
					826.10

----- DISTRICT OF MEMBER=INDIANAPOLIS STATE=MI -----

Project City	State	Lead Lender	Lender City	State	Subsidy (thou.)
Flint	MI	D&N Bank	Flint	MI	125.00
Detroit	MI	Detroit Savings Bank	Detroit	MI	12.00
Livingsston County	MI	Detroit Savings Bank	Detroit	MI	14.00
Portage	MI	Fidelity Savings Bank	Kalamazoo	MI	49.00
Kalamazoo	MI	Fidelity Savings Bank	Kalamazoo	MI	57.00
Alpena	MI	First Federal S&L of Alpena	Alpena	MI	22.00
Detroit	MI	First Federal of Michigan	Detroit	MI	88.00
Grand Rapids	MI	First of America Bank--West Mich. *	Grand Rapids	MI	210.00
Ann Arbor	MI	Great Lakes Bancorp	Ann Arbor	MI	90.00
Saginaw	MI	Great Lakes Bancorp	Saginaw	MI	80.00
Saginaw	MI	Heritage Federal Savings	Taylor	MI	24.00
Jasabella County	MI	Heritage Federal Savings	Taylor	MI	12.00
Gratiot County	MI	Heritage Federal Savings	Taylor	MI	24.00
Lakeview	MI	Heritage Federal Savings Bank	Taylor	MI	5.00
Flint	MI	Heritage Federal Savings Bank	Taylor	MI	16.00
Clare County	MI	Heritage Federal Savings Bank	Taylor	MI	8.00
Ecorse	MI	Heritage Federal Savings Bank	Taylor	MI	50.00
Dowagiac	MI	Lasalle Federal Savings Bank	Buchanan	MI	17.10
Oakland	MI	National Bank of Royal Oak	Royal Oak	MI	59.80
Newberry	MI	Newberry State Bank	Newberry	MI	257.00
Boyer City	MI	Northwestern Savings Bank	Traverse City	MI	21.00
Ludington	MI	Northwestern Savings Bank	Traverse City	MI	28.00
Fennville	MI	Ottawa Savings Bank	Holland	MI	35.00
Beaton Harbour	MI	Peoples State Bank	St. Joseph	MI	72.00
Jackson	MI	Security Savings Bank	Jackson	MI	45.00
Colwater	MI	Southern Michigan Bank & Trust	Colwater	MI	10.00
Wayne County	MI	Standard Federal Bank	Troy	MI	50.00
South Bend	IN	Standard Federal Bank	Troy	MI	50.00
Kalamazoo	MI	Standard Federal Bank	Troy	MI	20.00
Detroit	MI	Standard Federal Savings Bank	Troy	MI	40.50
Sturgis	MI	Sturgis Federal Savings Bank	Sturgis	MI	22.00
Centreville	MI	Sturgis Federal Savings Bank	White Pidgeon	MI	8.00
Marquette	MI	The Peninsula Bank	Ishpeming	MI	14.00
Midland	MI	Wolverine Federal Savings	Midland	MI	34.80
STATE					
					1,670.20
					2,496.30
					9,619.30

* Multi-member Project

CONDITIONS APPLICABLE TO AHP APPLICATIONS

The following applications are approved subject to compliance with the specified conditions:

a. Federal Home Loan Bank of Pittsburgh

Commonwealth Federal Savings Bank submitted an application to use AHP funds for the Delaware Valley Community Investment fund. HFD recommends approving this application with the condition that the applicant and the loan fund comply with loan fund guidelines to be developed by the staff and approved by the Board.

b. The Federal Home Loan Bank of Atlanta

First Federal Savings and Loan of the Palm Beaches ("FirstFed") submitted an application requesting a subsidized advance in the amount of \$4.7 million. The advance is to be made to FirstFed at 6.5 percent. FirstFed will make a 15-year loan to the project sponsor, Florida Affordable Housing, Inc. at 8.5 percent. The amount of AHP subsidy requested is \$256,000.

The project, which was completed in 1992, currently has a construction loan at a rate of 12.5 percent. The project was developed using Low Income Housing Tax Credits. Under the tax credit program, the project is committed to making 40 percent of the units available to households with incomes at or below 60 percent of area median. The application proposes to use the AHP subsidy to make at least 60 percent of the units affordable to households at or below 50 percent of area median. Current occupancy statistics indicate that one-half of the present tenants have household incomes equal to 50 percent or less of the area median income.

The Housing Finance Directorate's ("HFD") review of this application revealed that the project's development budget included a \$500,000 interest reserve, a \$122,000 rent up reserve, and an operating deficit reserve of \$1,679,000. The project's operating pro forma shows cash flows after debt service and provision for reserves ranging from \$93,267 in the first year to \$185,482 in the eighth year. This combination of large reserve accounts and substantial cash flows led HFD to request additional information on the financial structure of this project.

Further, HFD and the FHLBank of Atlanta have suggested to the applicant and the sponsor that given the current rates for Community Investment Program ("CIP") advances, if the CIP were used, this project could serve the existing very low-income tenant population without AHP subsidy, or with substantially less than the \$256,000 requested.

The materials submitted by the sponsor in response to staff's requests, left a number of questions unanswered, including:

- how approximately \$560,000 in reserve accounts will be used;
- the treatment of two subordinate residual cashflow loans that require payment only if there is cash flow; and
- why the sponsor believes a CIP advance is not feasible for this project.

HFD program staff believes that this application could be financed with a CIP advance that would provide the project with an interest rate that would allow it to continue to serve its low-income tenants. However, staff has not received sufficient information to finalize our decision on this project. Therefore, staff recommends that this project be approved on the condition that the project provide sufficient information to justify why the project needs a subsidized AHP advance, and a clear explanation of why this project cannot serve the targeted very low-income households using the CIP.