

No. : 93- 67
Date: August 25, 1993

FEDERAL HOUSING FINANCE BOARD

Downey Savings Bank/Low-Income Housing Fund

WHEREAS, on November 15, 1990 the Federal Housing Finance Board ("Finance Board") approved an Affordable Housing Program ("AHP") application from Downey Savings Bank ("Downey") for a \$1 million subsidized advance, with an AHP subsidy in the amount of \$261,563, which advance would be lent to the Low Income Housing Fund (LIHF) to provide loans for housing projects;

WHEREAS, according to the approved application, the total profit margin on the loans to the ultimate borrowers would consist of a total of 220 basis points above the subsidized advance rate divisible between Downey and the LIHF such that 70 basis points would be added to Downey's loan to the LIHF, and 150 basis points would be added to the LIHF's loans to its borrowers;

WHEREAS, Downey has requested a modification to increase the amount of the AHP subsidy from \$261,563 to \$348,218 in order to reduce the interest rate on an AHP subsidized advance to Downey from is 23 percent to 3.9 percent;

WHEREAS, Downey has also requested that the LIHF be permitted to increase from 150 basis points to 200 basis points the profit margin on the LIHF's loans to borrowers;

WHEREAS, the requested changes will reduce the interest rate the LIHF will charge on its loans to affordable housing projects from 7.43 percent to 6.6 percent; and


WHEREAS, the Finance Board has reviewed the information presented by the Federal Home Loan Bank of San Francisco in support of this modification;

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board approves the request to modify the November 15, 1990 award to Downey involving the LIHF as follows:

1. the amount of the AHP subsidy is increased up to an additional \$86,655 in order to reduce the interest rate on the advance to Downey from 5.23 percent to 3.9 percent; and

2. the maximum profit margin that the LIHF can impose on its loans involving AHP subsidies is increased by 50 basis points, to a total of 200 basis points.

By the Federal Housing Finance Board


Daniel F. Evans, Jr., Chairman