



No.: **1999-06**

Date: **January 27, 1999**

FEDERAL HOUSING FINANCE BOARD

Expansion of the Affordable Multi-Family Participation Program
of the Federal Home Loan Bank of Atlanta

WHEREAS, on October 11, 1996, the Board of Directors of the Federal Housing Finance Board (Finance Board) approved the request of the Federal Home Loan Bank (FHLBank) of Atlanta to establish a pilot program, called the Affordable Multi-family Participation Program (AMPP), under which the FHLBank is authorized to acquire up to \$50 million in participation interests in affordable multi-family mortgage loans originated by the Community Investment Corporation of North Carolina (CICNC), subject to certain conditions set forth in the resolution, *see* Res. No. 96-73 (Oct. 11, 1996); and

WHEREAS, under cover of a letter dated December 8, 1998 and signed by Paul D. Hill, President of the FHLBank of Atlanta, the FHLBank transmitted to the Finance Board an Application for Authority to Expand the AMPP to Other Consortia and Consortia Member Financial Institutions Throughout the Atlanta Bank District (Application), as well as a resolution of the board of directors of the FHLBank of Atlanta authorizing FHLBank management to submit the Application; and

WHEREAS, the Application states that, since its inception, the FHLBank has purchased interests in sixteen CICNC loans totaling \$10.8 million, which the FHLBank believes has generated a comparable amount of new funding for affordable housing development in North Carolina from CICNC members and has generated interest in the program from financial institutions in other states within the Atlanta FHLBank District; and

WHEREAS, the Application requests that the Board of Directors of the Finance Board grant the FHLBank authority to expand its AMPP by permitting the FHLBank to purchase participation interests in affordable multi-family mortgage loans originated by other affordable housing consortia similar to CICNC that are located within the Atlanta FHLBank District; and

WHEREAS, Finance Board staff has found the AMPP, as operated to date, to be financially safe and sound; and

WHEREAS, the Finance Board believes that the requested expansion of AMPP authority will enhance the ability of the FHLBank to make available long-term affordable multi-family housing finance that might not otherwise be available, especially in rural areas, and will further promote the cooperative nature of the FHLBank System by enhancing the liquidity and marketability of members' participation interests in affordable multi family-mortgage loans;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors of the Finance Board hereby modifies Resolution Number 96-73 (authorizing the FHLBank of Atlanta to establish and operate its AMPP and purchase mortgage participations thereunder up to a total value of \$50 million) to permit the FHLBank to purchase participation interests in affordable multi-family mortgage loans originated by any consortium that:

- (a) has been established by financial institutions to facilitate the availability of long-term permanent financing for the development of low- and moderate-income housing in a particular state or area within the Atlanta FHLBank District;
- (b) is located within the Atlanta FHLBank District; and
- (c) has been approved in writing by Finance Board staff pursuant to an analysis of safety and soundness issues and of the FHLBank's compliance with the conditions set forth in this resolution.

IT IS FURTHER RESOLVED that the authority of the FHLBank of Atlanta to operate the AMPP shall be subject to the following terms and conditions:

- (1) The FHLBank shall ensure that consortia members retain at least a 20 percent interest in the loan participated, with higher minimum retention levels required where appropriate;
- (2) At no time shall less than 50 percent of the value of each interest purchased from each consortium, or members thereof, be purchased from FHLBank members;
- (3) To the extent that FHLBank members are interested in purchasing interests in participations offered by consortia or their members, the FHLBank shall make an effort to share its participation interests with such members, ensuring that such members understand their responsibility to undertake due diligence separate and apart from that performed by the FHLBank;
- (4) The FHLBank shall attempt to ensure that members selling participation interests to the FHLBank use the proceeds to finance new investments in consortia projects;
- (5) The board of directors of the FHLBank shall ensure the continued existence of appropriate expertise, policies, procedures and controls during program implementation;
- (6) The board of directors of the FHLBank shall establish adequate reserves on an ongoing basis;
- (7) The board of directors of the FHLBank shall take appropriate precautions, in structuring and implementing its program oversight, to avoid the appearance of a conflict of interest for board directors;
- (8) The board of directors of the FHLBank shall require program progress reports from management at least quarterly, shall file written evaluations of such reports, and shall provide copies of its evaluations and the management reports to the Finance Board;
- (9) The FHLBank may purchase participation interests only in loans for multi-family housing developments in which at least 51 percent of the units are for residents with income levels no greater than 60 percent of the median income in metropolitan areas and 80 percent of the median income in non-metropolitan areas.

IT IS FURTHER RESOLVED that the Board of Directors of the Finance Board hereby authorizes staff to review and approve requests by the FHLBank of Atlanta for approval of consortia to participate in the AMPP in accordance with the conditions set forth in this resolution.

By the Board of Directors of the
Federal Housing Finance Board

/s/ Bruce A. Morrison

Bruce A. Morrison, Chairman