

No: 96-35
Date: June 5, 1996

FEDERAL HOUSING FINANCE BOARD

Federal Home Loan Bank of Des Moines
Proposal to Make Advances to the
Minneapolis Community Development Agency

WHEREAS, Federal Housing Finance Board (Finance Board) Resolution No. 95-07, dated June 29, 1995, approved the FHLBank of Des Moines (FHLBank) request to lend to the Minneapolis Community Development Agency (MCDA) as a nonmember mortgagee pursuant to the Federal Home Loan Bank Act (Act) and Finance Board regulations; and

WHEREAS, the Finance Board, in Resolution No. 95-07, also determined that the MCDA meets the definition of a state housing finance agency (SHFA) and therefore may pledge collateral under section 10b(b) of the Act, subject to the requirements contained therein and in the Finance Boards regulations; and

WHEREAS, the MCDA has indicated to the FHLBank that it wants to borrow advances, secured by U.S. Treasury securities under section 10b(b), to fund its Capital Investment Fund (CIF) program, which is designed to promote the retention and expansion of living wage job opportunities for Minneapolis residents by lending to local business firms that provide such job opportunities; and

WHEREAS, the FHLBank has requested Finance Board determination as to whether the MCDA may pledge collateral eligible under section 10b(b) to support such advances; and

WHEREAS, the Act permits a FHLBank to make advances to an SHFA under section 10b(b) provided that the advance proceeds are used to facilitate mortgage lending that benefits individuals or families meeting the income requirements set forth in sections 142(d) and 143(f) of the Internal Revenue Code (IRC); and

WHEREAS, mortgage lending encompasses both residential and commercial mortgage lending; and

WHEREAS, the FHLBank has indicated that loans under the CIF program will be made to businesses located in neighborhoods where the majority of residents earn no more than 115 percent of the area median income; and

WHEREAS, the Capital Investment Fund loans reasonably can be described as benefiting individuals and families meeting the income requirements set forth in sections 142(d) or 143(f) of the IRC, as required by subsection 10b(b); and

NOW, THEREFORE BE IT RESOLVED. that the Finance Board hereby determines that the FHLBank may lend to the MCDA under section 10b(b) of the Act to provide financing for its CIF, provided the Bank obtains written certification from the borrower that the advance proceeds shall be used for the purpose of facilitating mortgage lending that benefits individuals or families meeting the income requirements set forth in sections 142(d) or 143(f) of the IRC as required under section 935.22(d)(2)(ii) of the Finance Board's regulations governing advances to nonmember mortgagees and the FHLBank ensures compliance with section 935.14 of the Finance Board's regulations governing long-term advances.

By the Board of Directors of the
Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "Bruce A. Morrison". The signature is fluid and cursive, with a large initial "B" and "M".

Bruce A. Morrison, Chairman