

No: 97-85

Date: December 17, 1997

FEDERAL HOUSING FINANCE BOARD

Clarification to Member Subsidy Limits

WHEREAS, the Federal Housing Finance Board staff produced a paper entitled "Questions and Answers on the Revised Affordable Housing Program (AHP) Regulation" (Paper) and sent it to the Federal Home Loan Banks (Banks) to respond to the Banks' questions on the revised AHP regulation, effective January 1, 1998;

WHEREAS, question #5 of the Paper is entitled "Member Subsidy Limits (960.5(b)(10))" and inquires, "May the limitation on the amount of subsidy available per member be based on a percentage of a member's assets...?";

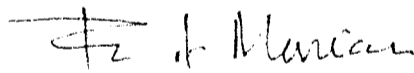
WHEREAS, the answer to question #5 responds in the negative and states, "District eligibility requirements must apply equally to all members."; and

WHEREAS, although it may appear that applying the same percentage of members' assets complies with the requirement of section 960.5(b)(10)(ii) that eligibility requirements be "applied equally", in fact, the effect of this limitation would result in unequal amounts of subsidy available to different members based on their size;

NOW, THEREFORE BE IT RESOLVED THAT, it is the intent of the Board of Directors that eligibility requirements under Section 960.5(b)(10) be structured to ensure that any limits on the amount of AHP subsidy result in equal amounts of AHP subsidy available to all members;

BE IT FURTHER RESOLVED THAT, the Board of Directors further intends to clarify this issue through a technical amendment to the AHP regulation during the First Quarter of 1998.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison, Chairman