

Approval of Set-Aside by the Federal Home Loan Bank of Seattle
Under its Affordable Housing Program

WHEREAS, section 10(j) of the Federal Home Loan Bank Act (Bank Act) requires each Federal Home Loan Bank (FHLBank) to establish an Affordable Housing Program (AHP) pursuant to regulations of the Federal Housing Finance Board (Finance Board), see 12 U.S.C. § 1430(i)(1);

WHEREAS, section 10(j)(5) of the Bank Act requires each FHLBank annually to contribute a statutorily prescribed portion of its annual net earnings to fund its AHP, see id. § 1430(j)(5);

WHEREAS, section 960.5(g)(2) of the Finance Board's AHP regulation authorizes each FHLBank, subject to prior Finance Board approval, to set aside a portion of its annual required AHP contribution to implement a homeownership program that satisfies the requirements of the statutory provisions governing the AHP and that meets those goals of the National Homeownership Strategy that, in the Finance Board's determination, are consistent with the goals of the AHP, 12 C.F.R. §960.5(g)(2); and

WHEREAS, pursuant to section 960.5(g)(2) of the AHP regulation, the FHLBank of Seattle has requested Finance Board approval to set aside \$250,000 of its required AHP contribution for 1997 for five members of the FHLBank of Seattle to fund downpayment and closing cost assistance to very low- and low-income public housing residents who are participants in the Family Self Sufficiency (FSS) program of one of several Seattle area public housing authorities, according to the terms and conditions set forth in the attached Program Description, see Attachment 1; and

WHEREAS, the availability of the set-aside funds will be limited to the five initial FHLBank member participants in the FSS in order for the FHLBank to measure the success of the set-aside with a small number of members and with a limited amount of AHP funds before making the set-aside available to members with less experience with the FSS. Members not participating in the set-aside may assist public housing residents with AHP grants up to \$3,000 through the FHLBank of Seattle's Home\$tart program, see Bd. Res 96-15 (Feb. 6, 1996); and

WHEREAS, the FHLBank of Seattle's proposed set-aside of \$250,000 of AHP funds, according to the terms and conditions set forth in the attached Program Description, will help in meeting the goal of the National Homeownership Strategy to generate up to 8 million additional homeowners by the year 2000, through, among other things, providing: home mortgage loan-to-value flexibility; subsidies to reduce downpayments and mortgage costs; and savings plans for homeownership; and these activities are consistent with the goal of the AHP to finance homeownership for low- and moderate-income households, see 12 U.S.C. § 1430(j)(2)(A);

NOW, THEREFORE RESOLVED, that the FHLBank of Seattle's proposed set-aside of AHP funds according to the terms and conditions set forth in the attached Program Description is hereby approved, on the condition that if the FHLBank of Seattle reapproves the set-aside in subsequent years, it must be available to all members of the FHLBank of Seattle on a first-come, first-served or other equitable selection basis.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison, Chairman

Affordable Housing Program First Time Homebuyer Set-Aside
Federal Home Loan Bank of Seattle

The Federal Home Loan Bank (FHLBank) of Seattle will set aside a maximum of \$250,000 in AHP funds of its required 1997 Affordable Housing Program (AHP) contribution to implement a Home\$tart Plus program that provides funds for downpayment and closing cost assistance to first-time homebuyer households with incomes at or below 80 percent of the area median and who are participants in a Family Self Sufficiency program of a Seattle area public housing authority. The program is similar to the Home\$tart program but must meet the following additional conditions and requirements:

- . The FHLBank will approve the initial enrollment of families that are participants in the Seattle area PHAs' FSS programs;
- . AHP funds will be used for downpayment and closing costs. Family savings may also be used to fund a dedicated account of up to two months' housing expenses for emergency use;
- . AHP funds of up to \$10,000 per family will be used to match, on a 2:1 basis, escrow accounts maintained by the PHA for participating families and, in some cases, to match escrow savings accounts maintained for such families by FHLBank members;
- . Families must maintain the escrow account with the PHA for at least 10 months and must have been participating in the FSS program for at least three years prior to receiving matching funds: and
- . Pre- and post-purchase counseling will be provided by a non-profit agency following standards established by the Washington State Finance Commission.