



REGULATORY INTERPRETATION 1999-RI-04

Date: January 26, 1999

Subject: Homeownership Set-Aside Programs Under the Affordable Housing Program Regulation

Request Summary:

A Federal Home Loan Bank (FHLBank) has requested that the Federal Housing Finance Board (Finance Board) determine whether an FHLBank may allocate Affordable Housing Program (AHP) homeownership set-aside funds to more than one set-aside program design each year.

Analysis and Interpretation:

Under section 960.3(a)(1) of the AHP regulation, an FHLBank may establish one or more homeownership set-aside programs pursuant to written policies adopted by the FHLBank board of directors. *See* 12 C.F.R. § 960.3(a)(1). Funding for all of an FHLBank's set-aside programs, in the aggregate, may not exceed the greater of \$1.5 million or 15 percent of the Bank's annual required AHP contribution.

The FHLBank is considering whether to establish a set-aside program specifically targeted to Native American households, in addition to its existing First Home Fund Set-Aside Program. The FHLBank should determine whether a set-aside program specifically targeted to Native American households complies with any applicable fair housing laws. Another alternative the FHLBank may want to explore, subject to compliance with fair housing laws, is to create a priority within the existing First Home Fund Program for Native American households.

If you have any additional questions, please contact Richard Tucker at (202) 408-2848 or Janet Fronckowiak at (202) 408-2575.

This is a Finance Board regulatory interpretation within the meaning of the Procedures for Requests and Applications adopted by the Board of Directors of the Finance Board pursuant to Resolution Number 98-51, dated October 28, 1998. The regulatory guidance set forth herein may be relied upon subject to modification or rescission by action of the Board of Directors of the Finance Board.

