

Resolution No. : 96-21
Date: March 7, 1996

Approval of Set-Aside by the Federal Home Loan Bank of Pittsburgh
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);

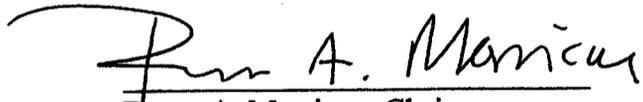
WHEREAS, section 9605(g)(2) of the Finance Board's AHP regulation authorizes each FHLBank, subject to prior Finance Board approval, to set aside a portion of its annual required AHP- contribution to implement a homeownership program that satisfies the requirements of the statutory provisions governing 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, see 60 Fed. Reg. 49331 (Sept. 25, 1995) (to be codified at 12 C.F.R. § 950.5(g)(2)); and

WHEREAS, pursuant to section 960.5(g)(2) of the AHP regulation, the FHLBank of Pittsburgh has requested Finance Board approval to set aside up to \$1 million per year of its required annual AHP contribution to fund downpayment and closing cost assistance to low- and moderate-income homebuyers, according to the terms and conditions set forth in the attached Program Description, see Attachment 1; and

WHEREAS, the FHLBank of Pittsburgh's proposed set-aside of up to \$1 million of AHP funds per year, 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 savings plans for homeownership; providing subsidies to reduce downpayments and mortgage costs; providing homeownership education and technical assistance in communities; 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 Pittsburgh's proposed set-aside of AHP funds according to the terms and conditions set forth in the attached Program Description is hereby approved.

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 Pittsburgh

The Federal Home Loan Bank (FHLBank) of Pittsburgh will set aside annually a maximum of \$1 **million** in AHP funds of its required annual Affordable Housing Program (AHP) contribution for a program that provides funds for downpayment and or closing costs **assistance** to first-time homebuyer households with incomes at or below 80 percent of the area median income. The program must meet the following requirements:

- Members must make AHP funds available only to homeowners with incomes at or below 80 percent of area median.
- Members must have an established first-time homebuyer program at the time of submission and must provide a dedicated savings account/plan for those program participants needing assistance with their savings.
- Members must incorporate a five year retention period into their programs and require repayment of a pro rata portion of the grant if the home is sold before the end of the fifth year after the receipt of the funds (with the exception of a natural disaster). There must be a legally enforceable security instrument such as a second mortgage, promissory note/rider to ensure compliance.
- Members must make some form of tangible, measurable concessions to buyers (such as waived or reduced fees, below market interest rates, or more relaxed underwriting).
- Potential homebuyers must be required to demonstrate that they have saved **funds** either for a 10 month period which may occur prior to, or after enrolling in the program.
- Potential homebuyers must obtain mortgage financing through the member **institution** sponsoring the grant request.
- Members may not charge homebuyers participating in the set-aside program interest rates, additional fees or points that are greater than those charged under their regular loan programs.

- Members must provide or contract for **homebuyer/homeowner counseling** session(s) for the potential purchasers.
- Members may provide potential homebuyers with up to a \$3 to \$1 match with a maximum AHP grant per household not to exceed \$5,000, based on the income of the borrower. Households with incomes at or below 50% of area median income may receive up to a three-to-one match of AHP funds to household savings. Households with incomes between 51 and 65 percent of area median income may receive up to a two-to-one match of AHP funds to household savings. Households with incomes between 66 and 80 percent of area median income would be eligible to receive up to a one-to-one match of AHP funds to household savings.
- The **FHLBank** will limit the number of households assisted per member to 20.
- The FHLBank must monitor the project for the five year retention period.
- The member must provide properly executed documentation of compliance with the set-aside in order to receive matching funds **from** the **FHLBank**. These documents may include but are not limited to: a set-aside transmittal, income verification for the homeowner, a HUD-1 form, and proof of retention mechanism/security instrument. Members must disburse the grant within 30 days **after** receiving funds.