

Resolution No.: 96-26
Date: March 29, 1996

Approval of Set-Aside by the Federal Home Loan Bank of Indianapolis
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(j)(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);

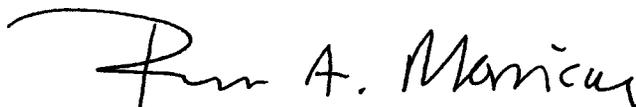
WHEREAS, section 960.5(g)(2) of the Finance Board's AHP regulation authorizes each FHLBank, subject to prior Finance Board approval, to set aside a portion of its annual required AHP contribution to implement a homeownership program that satisfies the requirements of the statutory provisions governing 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, 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 Indianapolis has requested Finance Board approval to set aside \$500,000 of its required AHP contribution for 1996 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 Indianapolis' proposed set-aside of \$500,000 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 comprehensive community revitalization; providing subsidies to reduce downpayments and mortgage costs; and meeting Native American home financing needs; 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 Indianapolis' 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 Homebuyer Set-Aside
Federal Home Loan Bank of Indianapolis

The Federal Home Loan Bank (FHLBank) of Indianapolis will set aside \$500,000 of its required 1996 Affordable Housing Program (AHP) contribution for a program that provides funds for downpayment and or closing costs assistance to homebuyers with incomes at or below 80 percent of the area median income. The program will meet the following requirements:

- * incorporate a five year retention period into its program and require repayment of a pro rata portion of the grant if the home is sold before then;
- * require FHLBank members to verify that potential purchasers have received homeownership counseling from a member-approved program;
- * provide potential homebuyers with a match of \$2 of funds for every \$1 of a household's funds with a maximum AHP grant per household not to exceed \$4,000;
- * require members to state in their applications if they are going to serve first-time homeowners as defined in 42 U.S.C. 12704(14), other first-time homebuyers, or any other homebuyer;
- * require members to certify that the interest rate on any mortgage loan provided by a member to the household does not exceed the market rate for a loan of similar maturity and terms;
- * prohibit any one member from using more than 10% of the set-aside allocation in any given year;
- * require participating members to agree to assist at least three households;
- * permit set-aside funds to be used in conjunction with AHP funds under the competitive process provided that for AHP projects that receive AHP funds through the competitive scoring process and AHP funds under the FHLBank's homeownership set-aside

program, the FHLBank must take into account all AHP funds received by the project (both set-aside funds and competitive funds) in scoring the project for subsidy per unit, income targeting, and in determining compliance with maximum subsidy requirements; and

reserve the right to prioritize the allocation of funds based on assistance provided to areas or populations underserved as identified in the National Homeownership Strategy, and in the event of excess demand, to reduce awards to members on an equal pro-rata basis, allocate awards by lottery, or allocate awards to members who have not recently received set-aside funds.