

No.: 97-30
Date: March 27, 1997

FEDERAL HOUSING FINANCE BOARD

Modification of Set-Aside by the Federal Home Loan Bank of Des Moines
Under its Affordable Housing Program

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

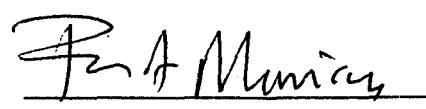
WHEREAS, section 9605(g)(2) of the Finance Board's AHP regulation authorizes each FHLBank, subject to prior Finance Board approval, to set aside a portion of its annual required AHP contribution to implement a homeownership program (Homeownership Set-Aside Program) that satisfies the requirements of 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 12 C.F.R. § 9605(g)(2);

WHEREAS, pursuant to section 960.5(g)(2) of the AHP regulation, on January 23, 1996, the Finance Board authorized the FHLBank of Des Moines to set-aside up to \$1 million per year of its required annual AHP contribution to fund downpayment, closing cost, and rehabilitation assistance to low-and moderate-income homebuyers in rural areas, see Board Resolution 96-13 (January 23, 1996);

WHEREAS, the FHLBank of Des Moines has requested Finance Board approval to adopt those changes to its Homeownership Set-Aside listed in Attachment 1, in. order to allow more members to provide set-aside funds to homebuyers in a greater number of communities.

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board hereby approves the FHLBank of Des Moines' request to modify its Homeownership Set-Aside Program as provided in Attachment 1.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison

Bruce A. Morrison, Chairman

Changes to the FHLBank of Des Moines' Homeownership Set-Aside Program

1. Member Eligibility

All members are eligible to reserve funds under the program, except those members who did not disburse any of their funds reserved under the 1996 First Home Fund Program.

2. Members May Apply to Reserve Funds for Full Service Facility Locations

Members may apply to reserve funds for their full service facilities that are located in Iowa, Minnesota, Missouri, North Dakota, and South Dakota but are limited to no more than one application for each community in which they maintain full service facilities. A full service facility is defined as a branch of a member that accepts deposits and originates loans.

3. Initial Reservation Period for Rural Areas (Cities of Populations of 25,000 or Less)

During the initial 30-day reservation period, each full service facility may reserve a minimum of \$5,000 to a maximum of \$25,000 of the First Home Fund to assist eligible households in purchasing properties in rural areas:

If more than one member's full service facility from a community whose population is 25,000 or less applies to reserve funds and at least one member's facility is selected to reserve funds, all members who applied from that community will be deemed to have been selected and will receive a percentage of the requested funds, based on their application. Communities with a population of 15,000 or less will be allocated a maximum of \$25,000. Communities with a population greater than 15,000 but less than or equal to 25,000 will be allocated a maximum of \$50,000.

If the total applications for the community exceed the maximum, then the maximum amount will be allocated among the applicants based on the ratio of the amount requested in their application to the total of all applications.

4. Second Reservation Period for Rural and Non-rural Areas

If the total amount of funds reserved in the initial reservation periods is less than the amount set-aside, there will be a second 30-day reservation period but the requirement that First Home funds be used in rural areas would no longer apply.

Any member may submit a reservation application for a minimum of \$5,000 to a maximum of the total available funds remaining for reservation.

If more than one member's full service facility from a community whose population is 25,000 or less applies to reserve funds and at least one of those facilities is selected to reserve funds, all facilities who applied from that community will be deemed to have been selected and will receive a percentage of the requested funds, based on their application. Communities with a population of 15,000 or less will be allocated a maximum of \$25,000. Communities with a population greater than 15,000 will be allocated a maximum of \$50,000.

If the total applications for the community exceed the maximum, then the maximum amount will be allocated among the applicants based on the ratio of the amount requested in their application to the total of all applications.

5. Reservation Fee

The reservation fee is increased from two to four percent to provide an incentive for the members to actually disburse funds.

6. Definition of "Rural"

The population definition of a rural community will be expanded from 10,000 to 25,000.