

No.: 97-78

Date: December 1, 1997

FEDERAL HOUSING FINANCE BOARD

Modification of the Federal Home Loan Bank of Chicago's
Homeownership Set-Aside 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 (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. §960.5(g)(2);

WHEREAS, pursuant to section 960.5(g)(2) of the AHP regulation, on November 8, 1995, the Finance Board authorized the FHLBank of Chicago (FHLBank-Chicago) to set aside up to \$1 million per year of its required annual AHP contribution to fund statewide programs in Illinois and Wisconsin providing down payment and closing cost assistance to low- and moderate-income homebuyers, see Board Resolution 95-38 (Nov. 8, 1995);

WHEREAS, the FHLBank of Chicago has requested Finance Board approval to allocate up to \$700,000 of de-obligated AHP funds¹ to its homeownership set-aside for 1997, increasing the FHLBank's 1997 set-aside commitment to \$1.7 million;

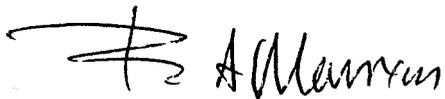
WHEREAS, under section 960.5(g)(2), the amount of AHP funds allocated to the FHLBank-Chicago's Homeownership Set-Aside Program is subject to Finance Board approval, see 12 C.F.R. § 960.5(g)(2);

WHEREAS, the Finance Board believes that approval of the FHLBank of Chicago's request would promote the goal of the AHP to finance homeownership for low- and moderate-income households, see 12 U.S.C. § 1430(j)(2)(A);

¹ Funds that were awarded to projects as part of the AHP competitive application process, but remain unused at the completion or termination of the project.

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board hereby approves the FHLBank of Chicago's request to allocate up to \$700,000 of de-obligated AHP funds to its Homeownership Set-Aside Program for 1997, increasing its 1997 set-aside commitment to \$1.7 million.

By the Board of Directors of the
Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "B. A. Morrison". The signature is stylized with a large, sweeping initial "B" and a cursive "A. Morrison".

Bruce A. Morrison, Chairman