



No. 2000-37
Date: August 21, 2000

FEDERAL HOUSING FINANCE BOARD

Federal Home Loan Bank of Pittsburgh Request for a Waiver of the Affordable Housing Program Regulation to Increase Funding for its Homeownership Set-aside Program

WHEREAS, section 10(j)(1) of the Federal Home Loan Bank Act (Bank Act) requires each Federal Home Loan Bank (Bank) 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 Bank annually to contribute a statutorily prescribed portion of its annual net earnings to fund its AHP, *see id.* § 1430(j)(5);

WHEREAS, section 951.3(a)(1) of the Finance Board's AHP regulation authorizes each Bank to set aside annually, in the aggregate, up to the greater of \$1.5 million or 15 percent of its annual required AHP contribution (set-aside contribution amount) to provide funds to members participating in the Bank's homeownership set-aside programs, *see* 12 C.F.R. § 951.3(a)(1);

WHEREAS, section 951.3(a)(1) of the AHP regulation also provides that, in cases where the amount of homeownership set-aside funds applied for by members in a given year exceeds the amount available for that year, a Bank may allocate up to the greater of \$1.5 million or 15 percent of its annual required AHP contribution for the subsequent year to the current year's set-aside programs, *see* 12 C.F.R. § 951.3(a)(1);

WHEREAS, the Federal Home Loan Bank of Pittsburgh (Pittsburgh Bank) has requested a waiver of the set-aside contribution amount in section 951.3(a)(1) to authorize the Pittsburgh Bank to set aside 25 percent of its required annual AHP contribution for its homeownership set-aside program;

WHEREAS, under section 907.2 of the Finance Board's regulations, *see* 12 C.F.R. § 907.2, the Finance Board may waive any provision, restriction or requirement of its regulations, not otherwise required by law, if such waiver is not inconsistent with the law and does not adversely affect any substantial existing rights, upon a determination that application of the provision, restriction, or requirement would adversely affect achievement of the purposes of the Bank Act, or upon a showing of good cause;

WHEREAS, the Pittsburgh Bank has projected that, with a 15 percent set-aside, it will not have enough homeownership set-aside funds available to meet projected demand for such funds in 2000, and that an increase in the set-aside contribution amount to 25 percent would enable the Bank to meet a significantly larger proportion of such demand in 2000;

WHEREAS, an increase in the authorized set-aside contribution amount to 25 percent would assist the Pittsburgh Bank in meeting its projected demand for homeownership set-aside funds for 2000, but does not appear to be justified for years extending beyond 2000 until and unless actual total demand for the Bank's homeownership funds in 2000, in fact, exhausts the 25 percent set-aside contribution amount; and

WHEREAS, Finance Board staff has reviewed the Pittsburgh Bank's waiver request and, based on the Pittsburgh Bank's projections of available homeownership set-aside funds and demand for such funds in 2000, has recommended that the Finance Board determine that good cause exists for granting the waiver of the set-aside contribution amount in section 951.3(a)(1) to authorize the Pittsburgh Bank to set aside 25 percent of its required annual AHP contribution for its homeownership set-aside program for 2000;

NOW, THEREFORE IT IS RESOLVED that the Board of Directors of the Finance Board finds good cause to waive, and hereby waives, the set-aside contribution amount in section 951.3(a)(1) of the Finance Board's regulations, 12 C.F.R. § 951.3(a)(1), to authorize the Pittsburgh Bank to set aside 25 percent of its required annual AHP contribution for its homeownership set-aside program for 2000.

By the Board of Directors of the
Federal Housing Finance Board

/s/ William C. Apgar

William C. Apgar
HUD Secretary's Designee to the Board