

Resolution No.: 96-76
Date: October 30, 1996

FEDERAL HOUSING FINANCE BOARD

Modification of Set-Aside by the Federal Home Loan Bank of Chicago
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 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);

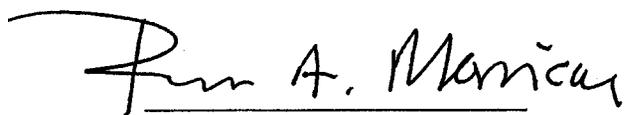
WHEREAS, pursuant to section 960.5(g)(2) of the AHP regulation, on November 8, 1995, the Finance Board authorized the FHLBank of Chicago to set-aside up to \$1 million per year of its required annual AHP contribution to fund statewide programs in Illinois and Wisconsin providing downpayment and closing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

WHEREAS, the FHLBank of Chicago's approved Homeownership Set-Aside Program limits the FHLBank's members to receiving no more than 10 percent of the set-aside funds allocated per state, and the FHLBank has found this allocation method does not provide adequate flexibility in the disbursement of the funds to meet program demands; and

WHEREAS, the FHLBank of Chicago has requested Finance Board approval to change its allocation method for its Homeownership Set-Aside Program to give the FHLBank the flexibility to limit either the percentage or the dollar amount of set-aside funds to be used by a member to assure that a disproportionate amount of the funds are not used by any single member;

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board hereby approves the FHLBank of Chicago's request for a modification to its Homeownership Set-Aside Program to limit either the percentage or the dollar amount of set-aside funds to be used by a member to assure that a disproportionate amount of funds are not used by any single member.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison
Bruce A. Morrison, Chairman