



# NEWS

**1777 F Street, N.W., Washington, D.C. 20006  
(202) 408-2500**

**FOR RELEASE:  
September 12, 2002  
FHFB 02-42**

**Contact: Carter Wood (202) 408-2817**

## **FEDERAL HOUSING FINANCE BOARD ADOPTS RULE TO AID HOME-BUYING OPPORTUNITIES**

Federal Home Loan Banks today gained additional tools to assist first-time homebuyers, following the Federal Housing Finance Board unanimous approval of a final rule making changes to the Affordable Housing Program.

Finance Board regulations had authorized the Federal Home Loan Banks each year to allocate the greater of \$3 million or 25 percent of their Affordable Housing Program (AHP) contribution for homeownership set-aside programs

The rule adopted Thursday allows each Bank to set aside an additional amount of up to the greater of \$1.5 million or 10 percent of their annual AHP amount, specifically for first-time homebuyers. This increased funding authority will enable the Banks to provide up to an additional \$24 million this year.

The final rule also increases the maximum subsidy limit per household to \$15,000 for homeownership set-aside programs in general.

Finance Board Chairman John T. Korsmo said the additional set-aside dollars will complement national housing initiatives to expand first-time homeownership, especially among minority and immigrant households, those in rural areas and on American Indian reservations.

"President Bush, Secretary Martinez and the Finance Board all share a keen awareness that we can do more to help first-time homebuyers, especially among minorities and immigrants who face additional obstacles to homeownership," Korsmo said. "With this new authority, the Federal Home Loan Banks can work in tandem with HUD's programs to do more so more people can buy a home."

HUD's programs include the Self-Help Homeownership Opportunity Program, Section 8 Homeownership Program vouchers, and the HOME American Dream Down-payment Fund. In addition, Federal Home Loan Banks can use all or part of their set-aside funds to supplement the savings of households that participate in the Family Self-Sufficiency and Individual Development Account savings programs.

The Affordable Housing Program provides direct subsidies or loans at subsidized rates to Federal Home

Loan Bank System's member institutions to finance the purchase, construction, or rehabilitation of affordable housing units. The Bank System contributes the greater of 10 percent of net earnings or \$100 million per year to the program. The Banks' total AHP contribution for 2002 is \$240 million.

-###-