

**Federal Home Loan Bank Affordable Housing Program (AHP)  
Proposed Rule (83 Federal Register 11344 (March 14, 2018))  
Conference Call of the Federal Housing Finance Agency (FHFA) and Federal Home Loan  
Bank of Des Moines (FHLBank) on Owner-Occupied Retention Agreements and Income  
Proxies  
August 30, 2018; 2:00 p.m. Eastern Standard Time**

**FHFA Attendees:** Sharon Like, Tiffani Moore, Adam Pecsek, and Lauren Boyd

**FHLBank Attendees:** Richard Bloxham, Gary Dodge, DeAnna Poling, and Jane Severson

**Summary:** On August 30, 2018, during a conference call with the FHLBank on another matter, possible proxies were discussed for subsequent purchaser income as a means of providing a reasonable basis to assume that such purchaser is low- or moderate-income (income of 80 percent or less of the median income for the area). The current AHP regulation provides for an exception to subsidy repayment by an AHP-assisted household where the subsequent purchaser of the unit is a low- or moderate-income household, and the proposed rule requests comments on several possible proxies for subsequent purchaser income.

The FHLBank attendees noted that certain features of the FHLBank's AHP currently incorporate Mortgage Revenue Bond (MRB) maximum purchase price limits for non-targeted areas, as established by the relevant State housing authority. They indicated that the FHLBank and its AHP participants are, therefore, familiar with this data and that the FHLBank could easily administer a proxy under the AHP whereby a subsequent purchaser of an AHP-assisted unit is presumed to be low- or moderate-income if the purchase price of the unit does not exceed the applicable MRB purchase price limit for non-targeted areas. They pointed to the current AHP regulation's incorporation of MRB standards as one permitted derivation of median income for the area, *i.e.* median family income "as determined under 26 U.S.C. 143(f) ([MRBs]) and published by a state agency or instrumentality." See 12 CFR 1291.1. FHFA staff observed that, although this provision in the AHP regulation references the applicable MRB statutory standards for calculation of median family income for the area, the AHP regulation makes no mention of the MRB's purchase price limit requirements. FHFA staff also noted that, although the AHP regulation permits the use of MRB standards as a means of calculating median family income for the area, the regulation does not adopt the applicable MRB statutory standards governing income limits as a percentage of the median income for the area [115 percent of median family income for the area for non-targeted areas].

The FHLBank attendees stated that an MRB purchase price limit proxy might be biased against urban households, and indicated that the following proxy might also be appropriate under the AHP while not reflecting the same bias: the property is located in a census tract where the median family income is at or below 80 percent of median income for the area. The FHLBank attendees stated that this low- or moderate-income census tract proxy could also be easily administered, although not all of the FHLBank's members are familiar with such census tract-related data.