



NEWS

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FINANCE BOARD APPROVES STRATEGIC PLAN, RULES ON AHP AND FHLBANK DIRECTOR MEETINGS

The Federal Housing Finance Board has unanimously approved by notational vote the following actions: 1) a revised five-year strategic plan; 2) a proposed rule amending its Affordable Housing Program (AHP) regulations to improve the program's effectiveness and efficiency, and 3) an interim final rule on the minimum number of board of directors meetings a Federal Home Loan Bank (FHLBank) should hold annually.

The Finance Board approved a Five Year Strategic Plan covering the period from 2000 through 2005 that revises the previous Five Year Strategic Plan for 1998-2002. The new plan, which reflects changes made necessary by the Gramm-Leach-Bliley Act (GLB), is based upon the Finance Board's three goals to ensure: 1) the safety and soundness of the FHLBanks; 2) that the FHLBanks carry out their Congressionally-defined housing finance mission, and 3) that the FHLBanks are adequately capitalized and have access to capital markets.

The Finance Board approved a proposed rule with a 30-day public comment period that aims to improve the operations and efficiency of the AHP. The most significant change would increase the maximum amount of money that can be set aside annually under an FHLBank's homeownership set-aside program to the greater of \$3 million or 25 percent of an FHLBank's annual AHP contribution. Currently, those limits are the greater of \$1.5 million or 15 percent of the FHLBank's annual AHP contribution.

The Finance Board, in response to requests by several FHLBanks, also approved an interim final rule that reduces the required minimum number of in-person board of directors meetings that an FHLBank must hold annually to six. Previously, the Finance Board required the FHLBanks' boards to hold a minimum of nine in-person meetings a year, or the number of meetings it averaged over the preceding three years.

The interim final rule eliminates the averaging requirement and sets the minimum number of board meetings a year at six after a survey determined that is within range of the number of board meetings holding companies and the other housing GSEs hold a year. In addition, the Finance Board determined that the FHLBanks' boards would be able to maintain their level of management oversight by holding longer meetings and placing greater reliance on board committees for the conduct of board business. The rule takes effect upon publication in the Federal Register.