



“Affordable housing brings stability, economic diversity and improves the physical quality of the neighborhood.”

– John Woods, urban housing expert

Background on FHLBs

Federal Home Loan Banks were created in 1932 during the Hoover administration in response to the Great Depression.

They were designed to encourage home ownership by providing a source of low-cost funds for member banks to extend more mortgage loans.

The Federal Home Loan Bank Act was the first in a series of bills that sought to make home ownership an achievable goal for more Americans.

Today, insurance company members that borrow from FHLBs generally do so with less favorable terms than with insured depository institutions of equal credit quality. Less favorable terms including increasing levels of required collateral.

These uneven requirements inhibit a source of investment in badly needed affordable housing in America and in Oregon.

The Answer – HB 3340

- Allows Federal Home Loan Bank of Des Moines to maintain equal collateral requirements for insurance companies and banks.
- Removes barriers for insurance company members to encourage their greater participation in Affordable Housing and Community Investment grant programs.
- Harmonizes Oregon law with federal statutory treatment for insured depository members, reducing risk for all members while increasing stability within the FHL banking system.
- Establishes procedures in unlikely event of insurance company insolvency.

Affordable Housing and Community Investment

Federal Home Loan Banks allocate **10 percent** of all earnings to its **Affordable Housing Program**.

FHLB Des Moines offers a variety of products to **support the purchase, construction or rehabilitation of affordable housing**. Since the inception of the Affordable Housing Program in 1990, FHLB Des Moines has awarded **\$700 million** to provide affordable housing opportunities to more than **120,000** families and individuals. FHL Banks are authorized to operate two programs:

- **Competitive Application Program** – Grants are available to sponsors, which include nonprofits, governments, housing authorities and other qualifying organizations. Sponsors require the support of an FHLB Des Moines member financial institution to apply. Projects that serve the homeless, individuals with special needs or preserve affordable housing are given priority.
- **Homeownership Set-Aside Program** – FHLB Des Moines members provide direct down payment, closing cost and counseling assistance to homebuyers. Through the Native American Homeownership Initiative, eligible households are given priority to receive up to \$15,000 for down payment and closing cost assistance.

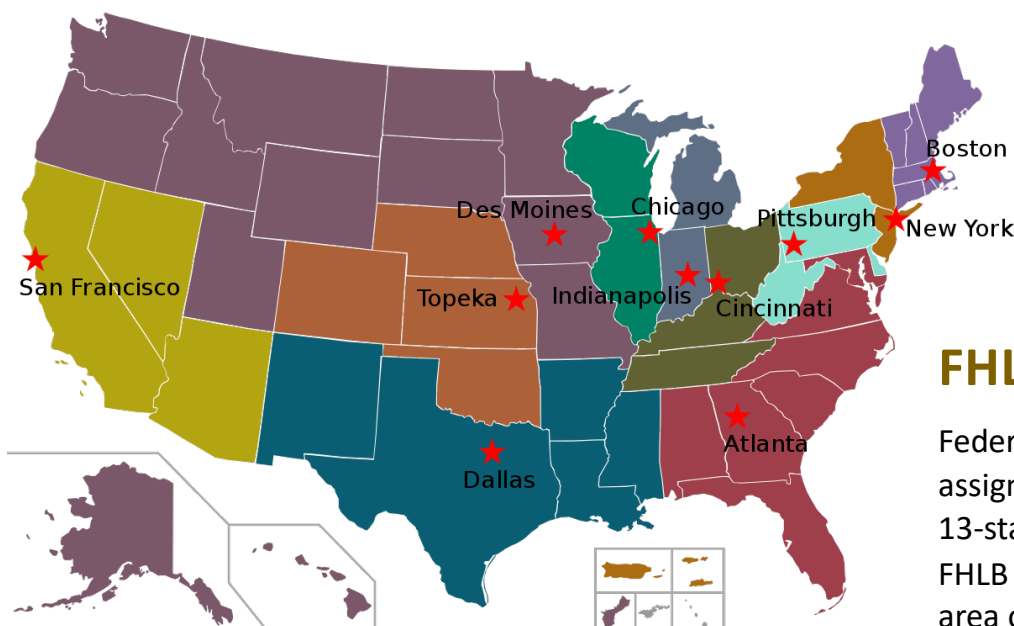


Case Study

The Julian Hotel in Corvallis is just one example of FHLB Affordable Housing Dollars at work.

The historic apartment building provides affordable studio and one-bedroom retail rentals to elderly or disabled households that qualify and are earning 50% or below the area median income (AMI) in Benton County.

Through the Affordable Housing Program, a FHLB Des Moines insurance company member partnered with a community group to establish financing, purchase the property, rehabilitate the building and preserve The Julian Hotel for affordable housing.



FHLB Des Moines

Federal Home Loan Banks are assigned regions. Oregon is in the 13-state region overseen by the FHLB of Des Moines (the purple area on the map).