

RESOLUTION 14-04

RESOLUTION AUTHORIZING THE MODIFICATION OF THE DEBT TO INCOME RATIO (TO 45%) UNDER THE SINGLE FAMILY LENDING PROGRAM PRODUCT PARAMETERS

WHEREAS, on May 19, 2011, the Board of Directors adopted Resolution 11-06 which states that "it is the policy of the Board to require staff to present new financing strategies and new loan products for full discussion and approval by majority vote of the Board prior to implementation by the Agency;"

WHEREAS, on May 9, 2013, the Board of Directors adopted Resolution 13-09 which set certain parameters on Agency Single Family Lending products in lieu of requiring staff to return to the Board of Directors seeking approval of Single Family Lending "new loan products" as set forth in Resolution 11-06;

WHEREAS, in anticipation of the 2014 "Qualified Mortgage" ("QM") definition by the Consumer Financial Protection Bureau (CFPB), Agency staff requested and the Board of Directors approved parameter 1.E. of Resolution 13-09 which restricts Agency Single Family Lending products to: "No greater than a total 43% debt-to-income ratio.";

WHEREAS, in October, 2014, CFPB's final ruling exempted housing finance agencies ("HFAs"), including the Agency, from the 43% debt-to-income ceiling of the QM rule;

WHEREAS, the value of modifying product parameters is to allow the Agency flexibility to adjust its parameters to meet the needs of the low to moderate income housing market while maintaining responsible lending practices;

WHEREAS, the Board of Directors has considered the recommendations of the Agency staff to modify the parameter of the debt-to-income ratio from 43% to 45%.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Agency hereby modifies parameter 1.E. of Resolution 13-09 to read as follows: "No greater than a total 45% debt-to-income ratio."

I hereby certify that this is a true and correct copy of Resolution 13-09 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 9, 2013, at Sacramento, California.

ATTEST:


Secretary