



No.: 2001-04
Date: February 28, 2001

FEDERAL HOUSING FINANCE BOARD

Waiver of Compliance with the Unsecured Credit Limits of Sections 932.8 and 932.9 until July 2, 2001

WHEREAS, Section VI of the Federal Housing Finance Board's (Finance Board) Financial Management Policy (FMP) limits the amount of unsecured credit that can be extended by a Federal Home Loan Bank (Bank) to a single counterparty.

WHEREAS, on December 20, 2000, the Board of Directors of the Finance Board adopted new regulatory limits on unsecured extensions of credit by the Banks and requirements for reporting extensions of credit, 12 C.F.R. §§ 932.8 and 9, that were intended to supersede and replace the unsecured credit guidelines of Section VI of the FMP, upon becoming effective;

WHEREAS, section 932.9 of the Finance Board's final capital rule was published in the Federal Register on January 30, 2001 and is to take effect on March 1, 2001;

WHEREAS, section 932.8 of the Finance Board's final capital rule, 12 C.F.R. § 932.8, which establishes new minimum, contingency liquidity standards for the Banks, also was adopted by the Finance Board on December 20, 2000, published in the Federal Register on January 30, 2001 and is to take effect on March 1, 2001;

WHEREAS, section 932.8 and 932.9 are related and the requirements that they impose were intended to take effect at the same time;

WHEREAS, the Chairman of the Bank Presidents' Conference has requested that compliance with section 932.9 be delayed for 120 days or to July 1, 2001, to allow the Banks to prepare for the effects of the newly reduced credit limits on their investment activity, to reprogram information and tracking systems to conform to the new limits, and for other reasons;

WHEREAS, the Finance Board believes that delaying the effective date of the rule will not present significant safety and soundness concerns, so long as the unsecured credit guidelines of Section VI of the FMP remains in effect and will help ensure an orderly transition to the new unsecured credit limits;

WHEREAS, granting the requested delay in the effective date would not be otherwise inconsistent with law, and does not adversely affect any substantial existing rights of any party;

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NOW, THEREFORE, IT IS RESOLVED that the Board of Directors of the Finance Board pursuant to section 907.2 of its rules, 12 C.F.R. § 907.2, for good cause shown, hereby waives compliance with the requirements of sections 932.8 and 932.9 of the Finance Board's final capital rule until July 2, 2001.

FURTHER RESOLVED THAT the unsecured credit guidelines of Section VI of the FMP shall remain in effect until the new effective date for sections 932.8 and 932.9 of the final capital rule of July 2, 2001.

By the Board of Directors
of the Federal Housing Finance Board

/s/ Allan I. Mendelowitz

Allan I. Mendelowitz, Chairman