

No: 96-40
Date: June 5, 1996

FEDERAL HOUSING FINANCE BOARD

Federal Home Loan Bank of Des Moines
Request for Approval to Purchase
Manufactured Housing Securities

WHEREAS, the Federal Home Loan Bank of Des Moines (FHLBank) has requested approval to purchase up to \$100 million in triple-A rated manufactured housing securities (MHS), as an exception to the Financial Management Policy; and

WHEREAS, purchase of MHS is not specifically identified as an eligible investment under the Finance Board's Financial Management Policy (FMP); and

WHEREAS, Sections 11(h) and 16(a) of the Federal Home Loan Bank Act permit a Federal Home Loan Bank to invest in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located.

WHEREAS, the Bank has determined that fiduciary and trust funds located in Iowa may invest in triple-A rated MHS pursuant to the State of Iowa's Model Prudent Investment Act; and

WHEREAS, investment in triple-A rated MHS appears to be Very similar to eligible investments in MBS from both a risk-management and mission perspective;

NOW, THEREFORE BE IT RESOLVED, that the FHLBank may invest up to \$100 million in triple-A rated MHS, provided that such investments shall be subject to the same policy restrictions applicable to FHLBank investments in MBS and shall be counted towards the Bank's 300 percent of capital limit on MBS;

FURTHER RESOLVED, that the FHLBank of Des Moines may submit additional information to assist the Finance Board in any reconsideration of whether the FHLBank's investment in MHS should continue to be subject to the 300 percent capital limit on MBS.

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison, Chairman