



June 28, 2000

President and Chief Executive Officer
Federal Home Loan Bank

NO-ACTION LETTER: Single Family Member Mortgage Assets Held By Federal Home Loan Banks in Excess of Cap (2000-NAL-07)

Dear Mr. :

This is in response to your letter dated June 12, 2000 requesting that the Federal Housing Finance Board (Finance Board) issue a No-Action letter with respect to single-family Member Mortgage Assets (MMA) held by the Federal Home Loan Banks (FHLBanks) exceeding the \$9 billion System-wide cap established under Finance Board Resolution Number 99-50, dated October 4, 1999.

As stated in your letter, on October 4, 1999, the Finance Board adopted Resolution Number 99-50 authorizing the FHLBanks to acquire single-family MMA and setting forth the terms and conditions under which such acquisitions are to take place. The fourth resolving clause of that resolution provides:

FURTHER RESOLVED THAT the total principal amount of mortgage loans funded through members and purchased from members under all FHLBank Single-family MMA programs approved or operating pursuant to this resolution shall not exceed \$9 billion, which shall be a FHLBank System-wide cap not to be apportioned among FHLBanks except as may be deemed necessary by the Finance Board considering each FHLBank's capacity, or for any other reason consistent with the supervisory authority of the Finance Board

In your letter, you indicated that, as of the close of business on June 9, 2000, total outstanding mortgage loans on the balance sheets of the FHLBanks under the Mortgage Partnership Finance (MPF) program was \$ [REDACTED] billion. By "total outstanding mortgage loans on the balance sheets of the FHLBanks," we presume that you mean loans funded through, or purchased from, members pursuant to Resolution Number 99-50. You estimated that an additional \$ [REDACTED] billion in mandatory delivery commitments will settle in the month of June, which would bring the total amount of outstanding loans under MPF to \$ [REDACTED] billion.

In light of the fact that the Board of Directors of the Finance Board is scheduled to consider the above-described cap as part of the final rule on Acquired Member Assets, Core Mission Activities, Investments and Advances at the June 29, 2000 meeting of the Board of Directors, Finance Board staff will not recommend to the Board of Directors, nor will it take, any supervisory action against any FHLBank or FHLBanks as a consequence of such FHLBank or FHLBanks, prior to the close of business on July 15, 2000, acquiring MMA or entering into mandatory delivery commitments that would cause aggregate MMA held by the FHLBanks to exceed the \$9 billion System-wide cap set forth in Resolution Number 99-50.

This response expresses only the position of Finance Board staff, which may be modified or superseded by the Board of Directors of the Finance Board.

Sincerely,

/s/ William W. Ginsberg

William W. Ginsberg
Managing Director

cc: Board of Directors, Federal Housing Finance Board
Mitch Berns