

No.: 98-44
Date: October 2, 1998

FEDERAL HOUSING FINANCE BOARD

Waiver of Section 935.9(a)(1)(i) to Allow the Federal Home Loan Bank of [REDACTED] to Accept Delinquent FHA/VA Loans as Eligible Collateral For Advances

WHEREAS, The FHLBank of [REDACTED] currently has approximately \$ [REDACTED] in advances outstanding to a member [REDACTED], a portion of which is secured by a pledge from [REDACTED] to the FHLBank of [REDACTED] of certain delinquent or defaulted loans (or other securities secured by delinquent or defaulted loans) issued or guaranteed by the Federal Housing Authority and the Veteran's Administration (Delinquent FHA/VA Collateral);

WHEREAS, section 10(a) of the Federal Home Loan Bank Act (Bank Act), 12 U.S.C.A. § 1430(a) requires the FHLBanks to collateralize fully all advances by obtaining and maintain a security interest in one or more of four specified categories of collateral;

WHEREAS, the Finance Board's Advances Regulations (12 C.F.R. Part 935) repeat these collateral requirements without substantive change or elaboration. See 12 C.F.R. § 935.9;

WHEREAS, the FHLBank of [REDACTED] currently is operating pursuant to a [REDACTED] Supervisory Agreement (Agreement) approved, pursuant to the Finance Board's "Procedures for Review of Disputed Supervisory Determinations," Fin. Bd. Res. No. 98-35 (July 10, 1998). by the BoD of the Finance Board (Fin. Bd. Res. No. 98-30 (June 24, 1998)), which provides, among other things, that [REDACTED]

WHEREAS, the FHLBank of [REDACTED] has requested, pursuant to the Finance Board's waiver regulation (12 C.F.R. § 902.6) a waiver of section 935.9 of the Finance Board's advances regulation (12 C.F.R. § 935.9): to allow for the rollover by the FHLBank of [REDACTED] advances scheduled to mature [REDACTED] to treat [REDACTED] advances subject to call at the option of the FHLBank of [REDACTED] based on the spread to the underlying funding sources as "roll-overs;" and to allow the FHLBank to honor requests from [REDACTED] for new advances using available collateral pledged to the FHLBank of [REDACTED] including Delinquent FHA/VA Collateral;

WHEREAS, the Finance Board has expressed its intention and desire to amend its Advances Regulations to allow the FHLBanks to accept Delinquent FHA/VA Collateral under section 10(a)(2) of the Bank Act;

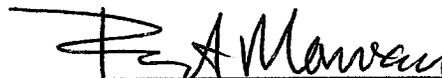
WHEREAS, without a waiver, until such time as the Finance Board were to adopt in final form an amendment to its Advances Regulation, the FHLBank of [REDACTED] would have to continue to turn away new requests for advances from [REDACTED] collateralized by Delinquent FHA/VA Collateral, as those advances would be made in violation of the Finance Board's existing advances regulation; and

WHEREAS, the staff of the Finance Board has no legal or safety and soundness concerns if the waiver is granted pursuant to the terms of this resolution;

NOW, THEREFORE, BE IT RESOLVED that the BoD of the Finance Board hereby waives 12 C.F.R. §935.9 of the Finance Board's advances regulations for the FHLBank of [REDACTED] so that the FHLBank of [REDACTED] may roll-over [REDACTED] advances to [REDACTED] scheduled to mature [REDACTED]; treat [REDACTED] advances to [REDACTED] subject to call at the option of the FHLBank of [REDACTED] based on the spread to the underlying funding sources as "roll-overs;" and make new advances to [REDACTED] using available collateral pledged to the FHLBank of [REDACTED] including Delinquent FHA/VA Collateral;

IT IS FURTHER RESOLVED that this waiver is effective until January 31, 1999 or until the adoption by the Finance Board of a Final Rule defining Delinquent FHA/VA Collateral as eligible collateral under the Bank Act, whichever occurs sooner.

For the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison
Chairman