WHEREAS, Section VI of the Federal Housing Finance Board’s (Finance Board) Financial Management Policy (FMP) limits the amount of unsecured credit that a Federal Home Loan Bank (Bank) can extend to a single counterparty;

WHEREAS, on December 20, 2000, the Board of Directors of the Finance Board adopted new regulatory limits and reporting requirements for unsecured extensions of credit by the Banks that were intended to supersede the unsecured credit guidelines of Section VI of the FMP and have been codified at 12 C.F.R. § 932.9;

WHEREAS, on December 20, 2000 the Finance Board also established new minimum, contingency liquidity standards for the Banks that were intended to supersede the additional liquidity requirements of Section III.C of the FMP and have been codified at 12 C.F.R. § 932.8;

WHEREAS, the provisions of sections 932.8 and 932.9 are related and the requirements that they impose were intended to take effect at the same time, on March 1, 2001;

WHEREAS, on February 28, 2001, at the request of the Chairman of the Bank Presidents' Conference, the Finance Board delayed compliance with sections 932.8 and 932.9 until July 2, 2001, to allow the Banks to prepare for the effects of the new credit limits on their investment activity, to reprogram information and tracking systems to conform to the new limits, and for other reasons;

WHEREAS, on March 7, 2001, the Finance Board published in the FEDERAL REGISTER a proposed rule, entitled "Unsecured Credit Limits for Federal Home Loan Banks," to amend section 932.9 by raising the limits on extensions of unsecured credit to government-sponsored enterprises (GSEs), and in addition, to request comments on whether the Finance Board should alter the unsecured credit limits concerning Federal funds transactions with a maturity of one day or less or subject to a continuing contract;

WHEREAS, commenters on the proposed amendment to section 932.9 generally supported raising the limits on extensions of unsecured credit to GSEs and exempting from these limits such Federal funds transactions, and further requested that the Finance Board make additional changes to section 932.9;

WHEREAS, on June 5, 2001, the Finance Board delayed compliance with sections 932.8 and 932.9 until the earlier of October 1, 2001 or the completion of the rulemaking process with regard to section 932.9, so that there would be adequate time for the Finance Board to consider
the comments on the proposed rule and for the Banks to prepare to comply with the new limits, as ultimately adopted by the Finance Board;

WHEREAS, the Finance Board determined that, given the comments on the proposed amendments to section 932.9, additional amendments to that rule may have been warranted, and a new version of the proposed rule was published for comment in the Federal Register on August 8, 2001;

WHEREAS, the Finance Board believes that it would benefit from having additional time to complete the current rulemaking process with regard to section 932.9, and that the Banks would require additional time to prepare to comply with any amendments to section 932.9 that are adopted by the Finance Board as a result of this rulemaking process;

WHEREAS, the Finance Board further believes that delaying the effective date of sections 932.8 and 932.9 beyond October 1, 2001 will not present significant safety and soundness concerns, so long as the additional liquidity requirements of Section III.C of the FMP and the unsecured credit guidelines of Section VI of the FMP remain in effect, and that the delay will help ensure an orderly transition to the new unsecured credit limits; and

WHEREAS, further delaying the effective date of sections 932.8 and 932.9 would not be otherwise inconsistent with law, and does not adversely affect any substantial existing rights of any party.

NOW, THEREFORE, IT IS RESOLVED THAT the Board of Directors of the Finance Board pursuant to 12 C.F.R. § 907.2 and for good cause shown, hereby waives compliance with the requirements of sections 932.8 and 932.9 until January 28, 2002; and

FURTHER RESOLVED THAT the additional liquidity requirements of Section III.C of the FMP and the unsecured credit guidelines of Section VI of the FMP shall remain in effect until they are superseded by section 932.8 and section 932.9, respectively.

By the Board of Directors of the
Federal Housing Finance Board

/s/ J. Timothy O’Neill

J. Timothy O'Neill
Chairman