



U.S. Federal Housing FHFA

Rescission of Regulatory Interpretation 2003-RI-02

September 26, 2025

Regulatory Interpretation 2003-RI-02, subject “[t]he qualification of securities issued or guaranteed by state or municipal governments or their political subdivisions [(Municipal Securities)] as ‘other real estate-related collateral’” (2003-RI-02) is hereby rescinded.

2003-RI-02 interpreted 12 CFR § 1266.7(a)(4) of FHFA’s Advances regulation in response to a Federal Home Loan Bank’s (FHLBank) request whether Municipal Securities may qualify as “other real estate-related collateral” eligible to secure member advances under section 10(a)(3)(D) of the Bank Act.¹ 2003-RI-02 provided that an FHLBank may accept a Municipal Security as “other real estate-related collateral” to the extent that the proceeds of the Municipal Security have been or will be used to finance the acquisition, development, or improvement of real estate (Real Estate Improvements). In the case of a mixed-use Municipal Security, *i.e.* one for which a portion of the proceeds have been or will be used for purposes other than Real Estate Improvements, 2003-RI-02 provided that an FHLBank may only count as eligible collateral to secure an advance that portion of the mixed-use Municipal Security’s proceeds used to finance Real Estate Improvements.

On May 24, 2022, the Federal Home Loan Bank of Dallas, on behalf of all eleven FHLBanks, submitted a request for regulatory burden relief pertaining to 2003-RI-02. In response to this request, U.S. Federal Housing FHFA has determined that the regulatory burden imposed by 2003-RI-02 does not outweigh its public benefit and that its rescission is unlikely to effect the FHLBanks’ safety and soundness. Thus, U.S. Federal Housing FHFA is rescinding 2003-RI-02.

Following the rescission of 2003-RI-02, the language of section 10(a)(3)(D) of the Bank Act and section 1266.7(a)(4) of FHFA’s Advances regulation continues to control when an FHLBank may accept a Municipal Security as collateral. Rescission of 2003-RI-02 does not relieve the FHLBanks of their obligations to comply with all applicable statutory and regulatory requirements.

¹ 12 U.S.C. 1430(a)(3)(D).