



No.: **2001-29**

Date: **December 11, 2001**

FEDERAL HOUSING FINANCE BOARD

Waiver of Compliance with the Minimum Liquidity Requirements of Section 932.8 and the Unsecured Credit Limits of Section 932.9

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 have been codified at 12 C.F.R. § 932.8 and were intended to supersede the additional liquidity requirements of Section III.C of the FMP;

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, the Finance Board began a rulemaking process to amend section 932.9 based on requests from certain Banks that the Finance Board consider changes to the rule;

WHEREAS, the Finance Board has previously extended the effective dates for compliance with sections 932.8 and 932.9, subject to the Banks' continued compliance with sections III.C and VI of the FMP, to provide the Finance Board with sufficient time to complete the rulemaking process to amend section 932.9 and to allow the Banks to prepare for the effects of the new credit limits on their investment activity and to reprogram information and tracking systems to conform to the new limits, and;

WHEREAS, the Banks are now scheduled to begin to comply with sections 932.8 and 932.9 on January 28, 2002;

WHEREAS, the Finance Board completed the rulemaking process with regard to section 932.9 and adopted a final amended version of section 932.9 on December 11, 2001 (amended section 932.9);

WHEREAS, amended section 932.9 will become effective 90 days after the publication of the final rule amendments in the *Federal Register* so as to allow the Banks time to implement the amended credit limits and to reprogram information and tracking systems to conform to the amended limits;

WHEREAS, amended section 932.9 has substantially altered the original version of the regulation adopted on December 20, 2000;

WHEREAS, it would be more efficient and less disruptive to the Banks' activities if the Banks were allowed to continue to comply with section VI of the FMP until the date that this amended section 932.9 becomes effective;

WHEREAS, there is no safety or soundness reasons to require the Banks to comply on January 28, 2002, with the original version of section 932.9 adopted on December 20, 2000, so long as the Banks continue to comply with section VI of the FMP;

WHEREAS, the Finance Board further believes that extending the date for compliance with section 932.8 until amended section 932.9 becomes effective will not present significant safety and soundness concerns, so long as the additional liquidity requirements of Section III.C of the FMP remain in effect; and

WHEREAS, further delaying the effective dates 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 the date that amended section 932.9 becomes effective; and

IT IS 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