

No. : 93-18  
Date: March 26, 1993

FEDERAL HOUSING FINANCE BOARD

Elimination of the Sunset on Federal Home Loan Bank  
Mortgage-Backed Securities Investment Authority

WHEREAS, the Federal Housing Finance Board ("Finance Board") has reviewed a recommendation by staff that the Financial Management Policy ("FMP") be amended to eliminate the sunset on Federal Home Loan Bank ("Bank") mortgage-backed securities ("MBS") investment authority;

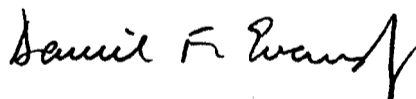
WHEREAS, the Finance Board has carefully monitored the Banks' exercise of this authority, through monthly and quarterly FMP compliance reporting by the Banks and on-site examinations of the Banks' internal policies and controls;

WHEREAS, the Finance Board finds that the Banks have demonstrated an ability to prudently and effectively manage their MBS portfolios at current levels; and

WHEREAS, the Finance Board believes that preserving the Banks' current authority to invest funds not required for their credit programs in MBS is essential to the System's ability to meet its fixed annual contributions to the Resolution Funding Corporation and the Affordable Housing Program, while maintaining the Banks' ability to pay a dividend sufficient to attract and retain members;

NOW,, THEREFORE, BE IT RESOLVED, that the Finance Board hereby amends the FMP to eliminate the June 30, 1993 sunset on the authority of each Bank to purchase mortgage-backed securities up to an amount equal to 200 percent of the Bank's capital.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., Chairman