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***Federal Housing Finance Board  
Office of Supervision***

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*Date:* August 8, 2001

*To:* Federal Home Loan Bank Presidents, Acquired Member Asset Managers, and Directors of Internal Audit

*From:* Mitchell Berns, Director  
Office of Supervision

*Subject:* Acquired Member Asset Data Submission – Second and Fourth Quarters

*Background:* Pursuant to § 955.4 of the Finance Board's Acquired Member Asset (AMA) Regulation (AMA Regulation), each FHLBank that acquires AMA that are residential mortgages shall submit to the Finance Board a mortgage report every quarter. The AMA Regulation specifies that each quarterly mortgage report shall include an aggregation of loan-level data to be submitted in the format specified in Advisory Bulletin 01-6.

The AMA Regulation further specifies that for the second and fourth quarter mortgage reports only, of each year, the FHLBanks shall submit year-to-date loan-level data that: (i) comprise the data elements required to be collected and maintained by the FHLBanks as specified in appendix A (for single-family mortgage assets) or appendix B (for multifamily mortgage assets) to the AMA Regulation and (ii) appear in a machine-readable format specified by the Finance Board. The loan-level data that is required to be submitted as part of the second and fourth quarter mortgage reports is in addition to the aggregate report that must be submitted every quarter.

Further, § 955.5 of the AMA Regulation permits the delegation of administrative duties between FHLBanks. As specified in the AMA regulation, an FHLBank "may delegate the administration of an AMA program to another FHLBank whose administrative office has been examined and approved by the Finance Board to process AMA transactions." Under this authority, an FHLBank may choose to delegate to another FHLBank the responsibility to provide the Finance Board with the required data submission for the FHLBank's loans.

*Guidance:* The Office of Supervision (OS) offers the following guidance to the FHLBanks regarding the second and fourth quarter submission of loan-level data for *single-family* mortgage assets beginning second quarter 2001 under § 955.4 of the AMA Regulation, until further notice by the Finance Board. This Advisory Bulletin does not address multifamily AMA.

Three attachments are included as part of this Advisory Bulletin. Attachment 1 sets forth the format specifications, field definitions, codes and field lengths of the year-to-date loan-level data elements that must be submitted semi-annually for data as of June 30 and December 31. Attachment 2 provides specification for the requested program-to-date elements for all single-



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family AMA. Attachment 3 gives detailed instructions for the submission of data in electronic format.

As a result of staff review of the single-family data elements included in Appendix A of the AMA Regulation, a number of changes were made to the data elements. These changes are outlined below and are described in more detail in Attachments 1 and 2 in the "Notes" column. While some changes may be considered technical, others were made as part of our continuing effort to monitor the safety and soundness of the FHLBank System.

In making these changes, staff consulted with the FHLBanks, OFHEO, and HUD. Finance Board staff consulted with staff at some of the FHLBanks that currently participate in AMA programs to get their views on changes to field definitions, codes and formats; some changes are in response to FHLBank staff suggestions. Finance Board staff also consulted with OFHEO and HUD staff to ensure that field definitions and codes are as similar as possible to, and are compatible with, the other housing GSE regulators' databases (OFHEO is currently revising its reporting requirements, expanding both the number of variables and frequency of reporting).

The following highlights the five types of changes that have been made to the data elements listed in Appendix A to the AMA Regulation. The changes are detailed in Attachments 1 and 2.

1. Deletion of Data Elements: Two data elements have been eliminated and are no longer required to be reported by the FHLBanks to the Finance Board.
  - Acquisition Type (Item 35 in Appendix A to AMA Regulation)
  - Bank Real Estate Owned (Item 36 in Appendix A to AMA Regulation)
  
2. Addition of Data Elements: Four data elements have been added to facilitate unique identification of loans and to track loan and loan pool performance.
  - AMA program type (Field 3, Attachment 1; Field 16, Attachment 2)
  - Pool Number (Field 15, Attachment 2)
  - Loan rating (Field 19, Attachment 2)
  - Pool rating (Field 21, Attachment 2)
  
3. Addition of Program-to-Date Data Elements: In order to facilitate the maintenance of a comprehensive and meaningful database of AMA loans, some data elements should be reported for the second and fourth quarters for every AMA loan acquired by the FHLBank, i.e., AMA loans acquired "program-to-date." These data elements are variables that track loan and pool performance and are listed in Attachment 2.
  
4. Modification of Data Elements: Several data elements have been modified to obtain more accurate data collection.
  - Type of Acquiring Lender Institution has codes that reflect the composition of FHLBank members (Field 31, Attachment 1).
  - FHLBank flag number and participation percentages are merged into one field (Fields 2 through 13, Attachment 2).



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- Credit Enhancement changed to measure value of enhancement rather than type of enhancement (Field 20, Attachment 2).
  - Primary Mortgage Insurance defined so as to include insurance on government-guaranteed or -insured loans (Field 66, Attachment 1).
  - Prepayment Penalty Terms changed to the date that prepayment penalty ends (Field 71, Attachment 1).
  - Loan Default Status combined with Termination Type into a Loan Status field that indicates the loan delinquency status for open loans and indicates type of termination for loans that have closed (Field 17, Attachment 2).
5. Designation of Optional Data Elements: Given that currently there are no housing goals in place for the FHLBank AMA programs, the 16 fields that require identifying loans that qualify for certain GSE housing goals have been designated as optional. These fields should still be included in the data submission, but they do not have to be filled until further notice from the Finance Board (Fields 10-13, 15,16, 47-50, and 55-59, Attachment 1).

As noted above, Attachments 1 and 2 to this Advisory Bulletin include more specific descriptions of the data elements. However, to reiterate, the FHLBanks' data reported under Attachment 1 must consist of year-to-date data. Reporting under Attachment 2 should consist of program-to-date data. Therefore, the *data submission will consist of two separate files*: one file with year-to-date data and a second file with fewer variables but including all AMA single-family mortgages (program-to-date).

Section 955.4 of the AMA regulation requires that FHLBanks submit their quarterly mortgage reports to the Finance Board within 60 calendar days of the end of every quarter. Given the timing of this guidance, the Second Quarter 2001 report will be due October 1, 2001. FHLBanks that submit their Second Quarter 2001 report in the specified format by this date shall be deemed to have complied with § 955.4(b)(1). In the future, second and fourth quarter mortgage reports will be due 60 days from the end of the quarter.

Data must be submitted to Elaine Baker, Secretary to the Board of Directors via diskette or CD-Rom and must adhere to the specifications set forth in the attached document that describes file specification. Any questions specifically related to the preparation and submission of the data should be addressed to Samantha Roberts, Office of Policy, Research and Analysis, either via e-mail or at