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**FEDERAL HOUSING FINANCE BOARD PROPOSES REVISIONS
TO ACQUIRED MEMBER ASSETS REGULATION**

The Federal Housing Finance Board today adopted a proposed rule to revise its Acquired Member Assets (AMA) regulation, focusing the agency's supervisory role on risk management while giving Federal Home Loan Banks more flexibility in developing and operating their AMA programs.

The proposal, approved unanimously by the Finance Board, amends the current AMA regulations that went into effect on July 17, 2000. The current rule authorizes the Banks to acquire certain loans or securities backed by those loans from their members and housing associates as a means of advancing their housing finance mission.

"With several years experience in overseeing the AMA programs, Finance Board staff identified numerous opportunities to clarify and simplify the current rule, while improving oversight," Chairman John T. Korsmo said. "A persuasive case emerged for placing more responsibility on the Federal Home Loan Banks to develop and run their programs, even as the Finance Board maintains its diligent safety and soundness oversight."

The proposed regulation requires the Federal Home Loan Banks to assume more vigilance in managing risks, such as in the design of appropriate credit enhancements to the AMA products. The proposal also gives greater latitude in meeting AMA program goals through the Banks' own designs, rather than by abiding to prescriptive formulas established by the Finance Board.

No new AMA products are authorized by the proposed regulation.

The comment period for the proposed rule lasts for 60 days once the rule is published in the Federal Register.

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