

AMENDMENTS

2008—Pub. L. 110-289 substituted “The Director” for “The Board” and “the Director” for “the Board” wherever appearing.

1989—Pub. L. 101-73 substituted “Board” for “board” wherever appearing.

§ 1428a. Repealed. Pub. L. 101-73, title VII, § 718, Aug. 9, 1989, 103 Stat. 422

Section, act July 22, 1932, ch. 522, § 8a, as added May 28, 1935, ch. 150, § 4, 49 Stat. 294; amended 1947 Reorg. Plan No. 3, eff. July 27, 1947, 12 F.R. 4981, 61 Stat. 954; Dec. 26, 1974, Pub. L. 93-541, § 6, 88 Stat. 1739; Oct. 15, 1982, Pub. L. 97-320, title III, § 354, 96 Stat. 1508, established Federal Savings and Loan Advisory Council.

§ 1429. Eligibility to secure advances

Any member of a Federal Home Loan Bank shall be entitled to apply in writing for advances. Such application shall be in such form as shall be required by the Federal Home Loan Bank. Such Federal Home Loan Bank may at its discretion deny any such application, or may grant it on such conditions as the Federal Home Loan Bank may prescribe.

(July 22, 1932, ch. 522, § 9, 47 Stat. 731; Pub. L. 101-73, title VII, §§ 701(b)(1), (3)(A), 710(a), Aug. 9, 1989, 103 Stat. 412, 418; Pub. L. 106-102, title VI, § 606(f)(1), Nov. 12, 1999, 113 Stat. 1455.)

AMENDMENTS

1999—Pub. L. 106-102 struck out “with the approval of the Board” after “Federal Home Loan Bank” in second sentence and struck out “, subject to the approval of the Board,” after “deny any such application, or” in third sentence.

1989—Pub. L. 101-73, § 710(a), struck out “or non-member borrower” after “Any member”.

Pub. L. 101-73, § 701(b)(1), (3)(A), substituted “Board” for “board” wherever appearing.

§ 1430. Advances to members

(a) In general

(1) All advances

Each Federal Home Loan Bank is authorized to make secured advances to its members upon collateral sufficient, in the judgment of the Bank, to fully secure advances obtained from the Bank under this section or section 1431(g) of this title.

(2) Purposes of advances

A long-term advance may only be made for the purposes of—

(A) providing funds to any member for residential housing finance; and

(B) providing funds to any community financial institution for small businesses, small farms, small agri-businesses, and community development activities.

(3) Collateral

A Bank, at the time of origination or renewal of a loan or advance, shall obtain and maintain a security interest in collateral eligible pursuant to one or more of the following categories:

(A) Fully disbursed, whole first mortgages on improved residential property (not more than 90 days delinquent), or securities representing a whole interest in such mortgages.

(B) Securities issued, insured, or guaranteed by the United States Government or any agency thereof (including without limitation, mortgage-backed securities issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Corporation, and the Government National Mortgage Association).

(C) Cash or deposits of a Federal Home Loan Bank.

(D) Other real estate related collateral acceptable to the Bank if such collateral has a readily ascertainable value and the Bank can perfect its interest in the collateral.

(E) Secured loans for small business, agriculture, or community development activities or securities representing a whole interest in such secured loans, in the case of any community financial institution.

(4) Additional bank authority

Subparagraphs (A) through (E) of paragraph (3) shall not affect the ability of any Federal Home Loan Bank to take such steps as it deems necessary to protect its security position with respect to outstanding advances, including requiring deposits of additional collateral security, whether or not such additional security would be eligible to originate an advance. If an advance existing on August 9, 1989, matures and the member does not have sufficient eligible collateral to fully secure a renewal of such advance, a Bank may renew such advance secured by such collateral as the Bank determines is appropriate. A member that has an advance secured by such insufficient eligible collateral must reduce its level of outstanding advances promptly and prudently in accordance with a schedule determined by the Federal home loan bank.

(5) Review of certain collateral standards

The Director may review the collateral standards applicable to each Federal home loan bank for the classes of collateral described in subparagraphs (D) and (E) of paragraph (3), and may, if necessary for safety and soundness purposes, require an increase in the collateral standards for any or all of those classes of collateral.

(6) Definitions

For purposes of this subsection, the terms “small business”, “agriculture”, “small farm”, “small agri-business”, and “community development activities” shall have the meanings given those terms by regulation of the Director.

(b) Appraisals and other investigations; acceptance of home mortgages as collateral security only by approval of Director

For the purposes of this section, each Home Loan Bank shall have power to make, or to cause or require to be made, such appraisals and other investigations as it may deem necessary. No home mortgage otherwise eligible to be accepted as collateral security for an advance by a Home Loan Bank shall be accepted if any director, officer, employee, attorney or agent of the Home Loan Bank or of the borrowing institution is personally liable thereon, unless the Director has specifically approved such acceptance.