[DISCUSSION DRAFT]

119TH CONGRESS
2D SESSION

H. R. ______

To amend the Federal Home Loan Bank Act to establish direct statutory authority for Federal Home Loan Banks to acquire mortgage assets from members, to provide flexibility in credit risk management, to expand the universe of eligible mortgage products, to establish standards for regulatory oversight by the Federal Housing Finance Agency, to define and distinguish between mortgage assets held to maturity and held for sale, to modernize the housing goals attribution framework, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M__. ____________ introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Federal Home Loan Bank Act to establish direct statutory authority for Federal Home Loan Banks to acquire mortgage assets from members, to provide flexibility in credit risk management, to expand the universe of eligible mortgage products, to establish standards for regulatory oversight by the Federal Housing Finance Agency, to define and distinguish between mortgage assets held to maturity and held for sale, to modernize the housing goals attribution framework, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Home Loan Bank Mortgage Asset Modernization Act''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds the following:

(1) The Federal Home Loan Banks (referred to individually as a ''Bank'' and collectively as the ''Banks'') are member-owned financial cooperatives chartered by Congress to provide reliable liquidity to their members and to support housing finance and community development in their districts.

(2) Since 1996, the Banks have operated mortgage asset acquisition programs—known as Acquired Member Asset (''AMA'') programs—under authority derived from the incidental powers clause of the Federal Home Loan Bank Act (12 U.S.C. 1431(a)), which empowers the Banks ''to do all things necessary for carrying out the provisions of this chapter and all things incident thereto''. The legal basis for AMA programs was affirmed by the United States Court of Appeals for the Fifth Circuit in Texas Savings and Community Bankers Associa-

tion v. Federal Housing Finance Board, 201 F.3d 551 (5th Cir. 2000).

(3) Grounding AMA authority exclusively in the incidental powers clause has produced regulatory constraints that do not reflect the independent value of mortgage purchase programs as a mission activity. Chief among these is the requirement—imported from the advances collateral framework of section 10(a)(3) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)(3))—that an acquired loan also constitute eligible collateral for an advance. This requirement is a vestige of treating mortgage purchases as functionally equivalent to advances rather than as a freestanding statutory activity, and it unnecessarily limits the universe of mortgage products Banks may purchase and the flexibility Banks may exercise in designing their programs.

(4) The one-size-fits-all credit enhancement requirement in the existing AMA regulation (12 CFR Part 1268) requires that a Bank obtain member-provided credit enhancement sufficient to render each acquired loan or pool ''investment grade'', applied on an individual pool-contract basis. This requirement is inflexible, is not standard in the broader secondary mortgage market, imposes dispropor-

tionate burdens on community bank and credit union participants that originate smaller loan volumes, and may discourage mortgage origination in underserved communities where credit enhancement costs are highest.

(5) The universe of mortgage products eligible for AMA acquisition does not fully reflect the origination strategies of Bank members, including conforming, non-conforming (including jumbo), and multi-family loan products that members are actively originating and for which a reliable secondary market outlet through the Banks would support housing finance and member liquidity.

(6) The absence of a statutory framework distinguishing between AMA loans held to maturity and AMA loans held for sale limits the ability of Banks to manage their balance sheets effectively, to recycle capital for the benefit of member liquidity, and to offer programs tailored to the distinct risk profiles associated with each holding strategy.

(7) Existing housing goals regulations do not provide consistent credit for AMA loans held on balance sheet or loan held to maturity—creating misalignments between regulatory incentives and the

mission purposes the housing goals are designed to serve.

(b) PURPOSE.—The purposes of this Act are to—

(1) establish direct, freestanding statutory authority for the Banks to purchase and hold mortgage assets from members, independent of and in addition to the authority to make advances under section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a));

(2) provide the Banks with flexibility to manage the credit risk of acquired mortgage assets in a manner each Bank determines to be consistent with safety and soundness, rather than prescribing a single method of credit enhancement;

(3) expressly sever the requirement that mortgage loans acquired under Bank AMA programs constitute eligible collateral for advances under section 10(a)(3) of the Federal Home Loan Bank Act;

(4) establish the appropriate standards and areas of oversight to be administered by the Federal Housing Finance Agency (referred to herein as "FHFA" or the "Agency") with emphasis on safety and soundness as the primary regulatory standard;

(5) define and expand the universe of mortgage products eligible for acquisition under Bank AMA

programs to include conforming residential, non-conforming residential, government-insured or government-guaranteed, and multi-family loans, with authority for the Agency to expand these categories by regulation;

(6) define Acquired Mortgage Assets to include mortgages purchased and held to maturity and mortgages purchased and held for sale, with distinct requirements for each, and to preserve Bank flexibility in selecting processes for the sale or securitization of held-for-sale assets; and

(7) align the housing goals credit framework with the mission purpose of AMA programs by providing credit for AMA loans held for sales to be attributed to the originating member's Bank, extending housing goals credit to AMA loans serving households with incomes up to 120 percent of area median income, and to remove restrictions on housing goals credit based on the asset size or classification of the originating member.

SEC. 3. ACQUIRED MORTGAGE ASSET AUTHORITY.

The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended by inserting after section 10 (12 U.S.C. 1430) the following new section:

"SEC. 10A. ACQUIRED MORTGAGE ASSET AUTHORITY.

''(a) DEFINITIONS.—For purposes of this section:

''(1) ACQUIRED MORTGAGE ASSET; AMA.—The terms 'acquired mortgage asset' and 'AMA' mean any eligible mortgage loan, or interest therein, that a Bank acquires from a member pursuant to the authority granted under subsection (b), whether acquired for the purpose of holding to maturity or for the purpose of sale, securitization, or other disposition.

''(2) AMA–HELD FOR SALE.—The term 'AMA–held for sale' means an acquired mortgage asset that—

''(A) a Bank acquires with the intent to sell, securitize, transfer via participation, or otherwise dispose of; and

''(B) is designated as AMA–held for sale under procedures established by the Bank pursuant to subsection (f).

''(3) AMA–HELD TO MATURITY.—The term 'AMA–held to maturity' means an acquired mortgage asset that—

''(A) a Bank acquires with the intent to hold on the Bank's balance sheet through the loan's contractual maturity or until payoff; and

"(B) is designated as AMA–held to maturity under procedures established by the Bank pursuant to subsection (f).

"(4) CREDIT RISK MANAGEMENT STRATEGY.—The term 'credit risk management strategy' means any one or more techniques employed by a Bank, consistent with subsection (c), to protect the Bank from credit losses on acquired mortgage assets, which may include—

"(A) guarantee fees charged to or retained from a participating financial institution in exchange for the Bank absorbing credit risk on acquired loans;

"(B) loan level price adjustments applied at the individual loan level to reflect the credit risk attributes of each acquired loan;

"(C) loan loss reserves established and maintained by the Bank on a portfolio, program, or pool basis, or on any other basis the Bank determines appropriate, to absorb expected and unexpected credit losses;

"(D) supplemental mortgage insurance, including private mortgage insurance and pool insurance, obtained at the loan, pool, or portfolio level to protect the Bank against credit losses;

"(E) member repurchase obligations, indemnification arrangements, or recourse provisions under which a participating financial institution bears responsibility for breaches of representations and warranties;

"(F) over-collateralization, subordination, or other structural credit protections embedded in the terms of an AMA program; and

"(G) any other technique the Bank determines, in the Bank's sound judgment, is appropriate to protect the Bank from credit losses consistent with safety and soundness.

"(5) ELIGIBLE MORTGAGE LOAN.—The term 'eligible mortgage loan' means any of the following, subject to standards established by the Agency pursuant to subsection (e):

"(A) CONFORMING RESIDENTIAL MORTGAGE LOAN.—A fully disbursed, whole first mortgage loan on improved residential property that satisfies the applicable loan limits and underwriting standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation at the time of origination.

[“(B) NON-CONFORMING RESIDENTIAL MORTGAGE LOAN.—A fully disbursed, whole first mortgage loan on improved residential property that does not meet conforming loan limits or conforming underwriting standards, including jumbo mortgage loans and mortgage loans underwritten to alternative or expanded documentation standards, if such loan meets the underwriting and credit quality standards established by the acquiring Bank and approved by the Agency as consistent with safe and sound operation.]

“(C) GOVERNMENT-INSURED OR GOVERNMENT-GUARANTEED RESIDENTIAL MORTGAGE LOAN.—A mortgage loan insured by the Federal Housing Administration, guaranteed by the Department of Veterans Affairs, or insured or guaranteed under any other program of the United States Government.

“(D) MULTI-FAMILY MORTGAGE LOAN.—A mortgage loan secured by residential property containing five or more dwelling units, subject to underwriting and credit quality standards established by the Agency by regulation.

"(E) ADDITIONAL CATEGORIES.—Such other mortgage products as the Agency may designate by regulation as eligible mortgage loans pursuant to subsection (d)(2).

"(6) PARTICIPATING FINANCIAL INSTITUTION; PFI.—The terms 'participating financial institution' and 'PFI' mean a member from which a Bank acquires an acquired mortgage asset pursuant to this section.

"(b) AUTHORITY TO ACQUIRE MORTGAGE ASSETS FROM MEMBERS.—

"(1) GENERAL AUTHORITY.—Each Bank is authorized to purchase and acquire eligible mortgage loans from the Bank's members. This authority is a freestanding statutory power of each Bank, independent of and in addition to the authority to make advances under section 10(a). No Bank shall be required to condition the acquisition of an eligible mortgage loan on such loan's status as eligible collateral for an advance under section 10(a)(3).

[“(2) INCIDENTAL AUTHORITIES.—In connection with the authority granted under this subsection, each Bank is authorized to do all things necessary and incidental to the management of acquired mortgage assets, including—]

[''(A) entering into purchase and sale agreements, master commitment agreements, and other contractual arrangements with PFIs;]

[''(B) retaining or engaging servicers for acquired mortgage assets;]

[''(C) selling, participating, securitizing, or otherwise transferring AMA loans or interests therein to any counterparty through processes the Bank determines appropriate, subject to the requirements of subsection (f);]

[''(D) issuing and guaranteeing mortgage-backed securities backed by AMA loans, to the extent consistent with Agency regulations and safe and sound operation;]

[''(E) entering into derivatives, hedges, and other financial instruments to manage interest rate risk, prepayment risk, and other market risks associated with acquired mortgage assets; and]

[''(F) taking any other action the Bank determines is reasonably necessary or appropriate to carry out the purposes of this section in a safe and sound manner.]

"(3) MEMBER-SOURCED ACQUISITIONS.—A Bank may acquire eligible mortgage loans directly from a member or from an affiliate of a member acting on the member's behalf, under terms and conditions established by the Bank in accordance with this section and applicable Agency regulations.

"(4) NO ELIGIBLE COLLATERAL CONDITION.—Notwithstanding any other provision of this Act or any regulation promulgated thereunder, the acquisition of an eligible mortgage loan pursuant to this section shall not be conditioned upon, and shall not require, that such loan constitute eligible collateral for an advance under section 10(a)(3). The eligible collateral requirements of section 10(a)(3) shall apply exclusively to advances made under section 10(a) and shall have no application to acquisitions made under this section.

"(c) CREDIT RISK MANAGEMENT.—

"(1) BANK DISCRETION.—Each Bank shall establish and maintain a credit risk management strategy for the Bank's AMA programs that the Bank determines, in the Bank's sound judgment and in accordance with safety and soundness principles, is appropriate to protect the Bank from credit losses on acquired mortgage assets. No Bank shall be required to employ any single form of credit enhancement and each Bank shall have the flexibility to select, combine, or modify the techniques described in subsection (a)(4) as the Bank determines appropriate, consistent with the safety and soundness standards established by the Agency under paragraph (3).

"(2) PORTFOLIO-LEVEL ASSESSMENT PERMITTED.—A Bank may assess the adequacy of the Bank's credit risk management strategy on a portfolio basis, a program basis, a pool basis, or any other basis the Bank determines is appropriate and consistent with safety and soundness. No Bank shall be required to assess or require credit enhancement on an individual loan-by-loan or individual pool-contract basis as a condition of acquiring eligible mortgage loans under this section.

"(3) AGENCY SAFETY AND SOUNDNESS STANDARDS.—The Agency shall establish by regulation minimum safety and soundness standards applicable to Bank credit risk management strategies under this section. Such standards shall—

"(A) be grounded in the Agency's safety and soundness responsibilities under the Federal Housing Enterprises Financial Safety and

Soundness Act of 1992 (12 U.S.C. 4501 et seq.);

"(B) be established exclusively by rule;

"(C) preserve each Bank's discretion in selecting among and combining the credit risk management techniques described in subsection (a)(4);

"(D) not prescribe a single method of credit enhancement applicable uniformly to all AMA programs or all acquired mortgage assets; and

"(E) be calibrated to distinguish between the risk profiles of AMA–held to maturity and AMA–held for sale, as further described in subsection (f).

"(4) EXAMINATION AND SUPERVISION.—The Agency shall evaluate each Bank's credit risk management strategy through the examination process. Any finding that a Bank's credit risk management strategy is deficient shall be communicated to the Bank in writing, shall identify the specific safety and soundness basis for the deficiency finding, and shall afford the Bank a reasonable opportunity to remediate prior to any supervisory action.

"(d) ELIGIBLE MORTGAGE PRODUCTS; EXPANSION OF UNIVERSE.—

"(1) MINIMUM UNIVERSE.—The categories of eligible mortgage loans set forth in subsection (a)(5) shall constitute the minimum universe of mortgage products available for acquisition under this section.

"(2) AGENCY EXPANSION AUTHORITY.—The Agency may, by rule, expand the categories of eligible mortgage loans to include additional mortgage products that—

"(A) are generated by the lending activities of Bank members;

"(B) are consistent with the housing finance or community development mission of the Banks; and

"(C) can be acquired by a Bank consistent with safe and sound operation.

"(3) RISK OVERSIGHT STANDARDS.—For each category of eligible mortgage loan, the Agency shall, by regulation, establish appropriate minimum standards for credit quality, underwriting documentation, and other risk characteristics applicable to Bank acquisitions of such loans. Such standards shall—

"(A) reflect the distinct risk profiles of conforming residential, non-conforming residential, government-insured or government-guaranteed, and multi-family loan categories;

"(B) not impose standards more restrictive than those applicable to comparable mortgage products acquired by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation under their respective charters, except to the extent necessary to address risks specific to Bank AMA programs; and

"(C) be subject to periodic review and updating by the Agency to reflect developments in mortgage market standards and the origination activities of Bank members.

"(4) NO ADVANCE COLLATERAL ELIGIBILITY CONDITION.—No category of mortgage product shall be ineligible for acquisition as an AMA loan under this section solely on the basis that such loan does not constitute eligible collateral for an advance under section 10(a)(3).

"(e) REGULATORY STANDARDS AND FHFA OVERSIGHT.—

"(1) AGENCY RULEMAKING AUTHORITY.—The Agency shall promulgate regulations implementing this section, which shall address—

"(A) minimum underwriting and documentation standards applicable to eligible mortgage loans by product category;

"(B) minimum standards for Bank credit risk management strategies, as described in subsection (c)(3);

"(C) program structure requirements, including standards for master commitment agreements, servicing arrangements, and representations and warranties by PFIs;

"(D) requirements for each Bank's internal policies, procedures, and controls relating to AMA programs, including Board-approved risk appetite statements and concentration thresholds;

"(E) capital, liquidity, and related prudential requirements applicable to acquired mortgage assets held by Banks;

"(F) standards for designating assets as AMA–held to maturity or AMA–held for sale, as further described in subsection (f); and

"(G) reporting and disclosure requirements for AMA programs.

"(2) SAFETY AND SOUNDNESS AS PRIMARY STANDARD.—In promulgating regulations and exercising supervisory authority under this section, the Agency's primary standard shall be the safety and soundness of the acquiring Bank. The Agency shall not use the Agency's AMA regulatory authority to restrict or terminate Bank AMA programs on grounds unrelated to an identified, specific safety and soundness concern.

"(3) RULEMAKING REQUIRED FOR BINDING REQUIREMENTS.—All material policy requirements applicable to Bank AMA programs under this section shall be established by rule.

"(4) PERIODIC REVIEW.—Not less frequently than every five years after the effective date of regulations promulgated under this section, the Agency shall review such regulations and update them as necessary to reflect developments in mortgage market practices, the origination activities of Bank members, and the safety and soundness of the Banks.

"(f) AMA–HELD TO MATURITY AND AMA–HELD FOR SALE.—

"(1) DESIGNATION POLICIES.—Each Bank shall establish policies and procedures, subject to Agency standards under subsection (e), for designating acquired mortgage assets as either AMA–held to maturity or AMA–held for sale at or before the time of acquisition.

"(2) AMA–HELD TO MATURITY.—With respect to AMA–held to maturity—

"(A) a Bank may acquire eligible mortgage loans for the Bank's balance sheet and hold such loans to maturity or payoff in amounts the Bank determines to be appropriate, subject to the Bank's Board-approved risk appetite and consistent with safety and soundness;

"(B) AMA–held to maturity loans shall be subject to the credit risk management strategy established by the Bank pursuant to subsection (c); and

"(C) no regulatory volume limit shall be imposed on the aggregate amount of AMA–held to maturity loans a Bank may hold, except as may be established by the Agency, by rule, based on a specific, identified safety and soundness concern.

"(3) AMA–HELD FOR SALE.—With respect to AMA–held for sale—

"(A) a Bank may acquire eligible mortgage loans with the intent to sell, securitize, transfer via participation, or otherwise dispose of such loans through processes the Bank deems appropriate, including whole loan sales, mortgage-backed security issuance, loan participation transactions, credit risk transfer transactions, and other capital markets executions;

"(B) AMA–held for sale loans shall be subject to a credit risk management strategy that addresses the Bank's credit risk exposure during the period between acquisition and final disposition, which shall reflect the periodic nature of the Bank's credit exposure on held-for-sale assets and may include any of the techniques described in subsection (a)(4);

"(C) the Agency shall establish, by regulation, safety and soundness standards for credit risk management strategies applicable specifically to AMA–held for sale, which shall be calibrated to the distinct risk profile of loans held pending disposition rather than loans held to maturity; and

"(D) a Bank may sell AMA–held for sale loans or interests therein to any counterparty the Bank determines to be appropriate, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, private secondary market investors, or other purchasers, under terms and through processes established by the Bank consistent with this section and applicable Agency regulations.

"(g) HOUSING GOALS.—

"(1) IN GENERAL.—For purposes of the housing goals applicable to Banks under section 10C and implementing regulations (12 CFR Part 1281), the rules set forth in paragraphs (2) through (5) shall apply to acquired mortgage assets.

"(2) AMA–HELD FOR SALE AND AMA–HELD TO MATURITY LOANS.—Any AMA loan, whether AMA–held to maturity or AMA–held for sale, shall be eligible for housing goals credit.

"(3) AMA IN PARTICIPATION FORM.—Housing goals credit shall be available for AMA–held to maturity whether held in whole-loan form or other instrument representing an interest in such loans, including participation certificates.

"(4) ATTRIBUTION TO ORIGINATING BANK.—Housing goals credit for an AMA–held for sale loan shall be attributed to the Bank whose member originated the loan (referred to in this subsection as the 'originating PFI's Bank'), regardless of which Bank purchase the AMA asset at the time of measurement for housing goals purposes.

"(5) GOVERNMENT-INSURED LOANS.—Housing goals credit shall be available for government-insured or government-guaranteed AMA loans acquired from any PFI member, without restriction based on the asset size, classification, or category of the originating PFI. The limitation of housing goals credit for government-backed AMA loans to loans originated by small or community-based members is hereby superseded.

"(6) INCOME LIMITATIONS.—Housing goals credit shall be available for any AMA loan purchased where the income of the borrower at origination does not exceed 120 percent of the area median income for the area in which the mortgaged property is located.

"(7) NO DISINCENTIVE FOR UNDERSERVED COMMUNITY LOANS.—The Agency shall administer the housing goals framework in a manner that does not create a disincentive for the origination or acquisition of AMA loans to low- and moderate-income borrowers or in underserved communities, including by adjusting or waiving any credit enhancement requirements that impose heightened burdens on housing goals-qualifying loans under subsection (c).

"(8) SIZE OF MEMBER.—Housing goals credit for an acquired mortgage asset shall not be conditioned on, and shall not be reduced or denied based on, the asset size, classification, regulatory category, or charter type of the member that originated or sold the loan. Housing goals credit shall be available for AMA loans originated by members of any asset size, whether or not the originating member is classified as a community financial institution, a small institution, or any other size-based category under applicable law or regulation.".

SEC. 4. CONFORMING AMENDMENT TO ADVANCES COLLATERAL PROVISION.

Section 10(a)(3) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)(3)) is amended by adding at the end the following new subparagraph:

"(F) NO APPLICATION TO ACQUIRED MORTGAGE ASSETS.—Nothing in this paragraph shall be construed to require that a mortgage loan acquired by a Bank pursuant to section 10A constitute eligible collateral for an advance under this section, and no Bank shall be required to condition the acquisition of a mortgage loan under section 10A on such loan's eligibility as collateral for advances under this paragraph.''.

SEC. 5. CONFORMING AMENDMENT TO INCIDENTAL POWERS PROVISION.

Section 11(a) of the Federal Home Loan Bank Act (12 U.S.C. 1431(a)) is amended by striking the period at the end and inserting the following: '', except that the authority of each Bank to purchase, hold, sell, securitize, and otherwise deal in mortgage assets pursuant to section 10A is a freestanding statutory power of the Bank and shall not be interpreted as an activity authorized solely as incidental to the Banks' express advance-making authority. Nothing in the previous sentence shall limit the exercise of authority under section 10A''.

SEC. 6. AMENDMENT TO HOUSING GOALS STATUTE.

Section 10C of the Federal Home Loan Bank Act (12 U.S.C. 1430c) is amended by adding at the end the following new subsection:

''(f) ACQUIRED MORTGAGE ASSET HOUSING GOALS STANDARDS.—

''(1) IN GENERAL.—In establishing and administering housing goals under this section, the Director shall apply the standards and requirements set forth in section 10A(g) with respect to—

"(A) the eligibility of acquired mortgage assets for housing goals credit;

"(B) the form in which such assets may be held for purposes of receiving such credit;

"(C) the attribution of such credit to the originating member's Bank;

"(D) the availability of housing goals credit for AMA loans serving households with incomes up to 120 percent of area median income, as provided in section 10A(g)(7); and

"(E) the removal of restrictions on housing goals credit based on the asset size or classification of the originating participating financial institution, as provided in section 10A(g)(8).

"(2) RULEMAKING REQUIRED.—Not later than 12 months after the date of enactment of this subsection, the Director shall, by rule, amend the regulations governing Bank housing goals (12 CFR Part 1281, or successor regulations) to implement the requirements of section 10A(g), including the expanded AMI threshold under section 10A(g)(7) and the removal of PFI size restrictions under section 10A(g)(8).

"(3) DEFINITIONS.—In this subsection, the terms 'AMA', 'acquired mortgage asset', 'participating financial institution', and 'PFI' have the meaning given those terms, respectively, in section 10A(a).''.

SEC. 7. AGENCY RULEMAKING TIMELINE.

(a) INITIAL REGULATIONS.—Not later than 24 months after the date of enactment of this Act, the Federal Housing Finance Agency shall promulgate final regulations implementing section 10A of the Federal Home Loan Bank Act, as added by section 3 of this Act, including—

(1) standards for eligible mortgage loans by product category;

(2) standards for Bank credit risk management strategies;

(3) standards distinguishing AMA–held to maturity from AMA–held for sale;

(4) capital, liquidity, and related prudential requirements; and

(5) amended housing goals regulations pursuant to section 10A(g) of the Federal Home Loan Bank Act and section 6 of this Act.

(b) INTERIM OPERATIONS.—Pending the effective date of final regulations under subsection (a), each Federal Home Loan Bank may continue to operate existing AMA programs under applicable regulations in effect as of the date of enactment of this Act (12 CFR Part 1268 and 12 CFR Part 1281). Nothing in this Act shall be construed to require any Bank to terminate or modify an existing AMA program during the interim period.

(c) DEFINITIONS.—In this section, the terms "AMA", "AMA–held for sale", "AMA–held to maturity", "credit risk management strategies", and "eligible mortgage loan" have the meaning given those terms, respectively, in section 10A(a) of the Federal Home Loan Bank Act.

SEC. 8. SAVINGS CLAUSE.

Nothing in this Act or the amendments made by this Act shall—

(1) limit the authority of any Federal Home Loan Bank to make advances to members under section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a));

(2) limit the authority of the Federal Housing Finance Agency to supervise and examine Banks for compliance with the Federal Home Loan Bank Act and applicable regulations pursuant to the Federal Home Loan Bank Act and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.);

(3) require any Bank to establish or operate an AMA program under section 10A of the Federal Home Loan Bank Act; or

(4) affect the obligations of Banks under the subsection (g) or (i) of section 10 of the Federal Home Loan Bank Act or any other provision of the Federal Home Loan Bank Act not otherwise amended by this Act.

SEC. 9. EFFECTIVE DATE.

This amendments made by this Act shall take effect on the earlier of—

(1) the effective date of final regulations promulgated pursuant to section 7(a); or

(2) the date that is 24 months after the date of enactment of this Act.