

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1085

To modernize and improve the Federal home loan bank system in order to enhance the availability of housing finance, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1993

Mr. BAKER of Louisiana (for himself and Mr. NEAL of North Carolina) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To modernize and improve the Federal home loan bank system in order to enhance the availability of housing finance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Home Loan  
5 Bank Modernization Act of 1993”.

6 **SEC. 2. EQUAL ACCESS AND UNIFORM MEMBERSHIP RE-**  
7 **QUIREMENTS.**

8 (a) SYSTEMWIDE VOLUNTARY MEMBERSHIP.—

1           (1) IN GENERAL.—Section 4(a) of the Federal  
2 Home Loan Bank Act (12 U.S.C. 1424(a)) is  
3 amended by adding at the end the following new  
4 paragraph:

5           “(2) VOLUNTARY MEMBERSHIP.—Except as  
6 provided in section 6(e) of the Federal Home Loan  
7 Bank Act (12 USC 1426(e)), no member of a Fed-  
8 eral home loan bank may be required to remain a  
9 member of any such bank by any agency, depart-  
10 ment or independent establishment of the United  
11 States.”.

12           (2) VOLUNTARY EXITS FROM SYSTEM.—The 1st  
13 sentence of section 6(e) of the Federal Home Loan  
14 Bank Act (12 U.S.C. 1426(e)) is amended by strik-  
15 ing “other than a Federal savings and loan associa-  
16 tion”.

17           (b) AMENDMENTS RELATING TO STOCK PURCHASE  
18 REQUIREMENTS AND OTHER SPECIAL RESTRICTIONS.—

19           (1) REPEAL OF STOCK PURCHASE REQUIRE-  
20 MENTS AND 30 PERCENT LENDING CAP.—Section 10  
21 of the Federal Home Loan Bank Act (12 U.S.C.  
22 1430) is amended by striking subsection (e).

23           (2) SUBSTITUTION OF REQUIREMENT BASED  
24 ON TOTAL ASSETS.—Section 6(b)(1) of the Federal  
25 Home Loan Bank Act (12 U.S.C. 1426(b)(1)) is

1 amended by striking “1 per centum of the subscrib-  
2 er’s aggregate unpaid loan principal” and inserting  
3 “0.3 percent of the subscriber’s total assets”.

4 (3) ELIGIBILITY OF NON-QTL SAVINGS ASSOCIA-  
5 TIONS TO OBTAIN NEW ADVANCES.—Section  
6 10(m)(3)(B)(i) of the Home Owners’ Loan Act (12  
7 U.S.C. 1467a(m)(3)(B)(i)) is amended by striking  
8 subclause (III).

9 (4) ELIGIBILITY REQUIREMENT RELATING TO  
10 MORTGAGE-RELATED ASSETS.—Section 4(a)(2)(A)  
11 of the Federal Home Loan Bank Act (12 U.S.C.  
12 1424(a)(2)(A)) is amended by striking “residential  
13 mortgage loans” and inserting “mortgage-related as-  
14 sets”.

15 (c) REDUCTION OF PERIOD REQUIRED BEFORE  
16 WITHDRAWN MEMBER MAY RESUME MEMBERSHIP.—  
17 Section 6(h) of the Federal Home Loan Bank Act (12  
18 U.S.C. 1426(h)) is amended by striking “10” and insert-  
19 ing “5”.

20 **SEC. 3. MODIFICATION OF ANNUAL CONTRIBUTION TO THE**  
21 **RESOLUTION FUNDING CORPORATION.**

22 (a) OBLIGATIONS OF THE FEDERAL HOME LOAN  
23 BANKS.—Section 21B of the Federal Home Loan Bank  
24 Act (12 U.S.C. 1441b) is amended—

25 (1) in subsection (e)(3)(C)—

1 (A) in clause (i), by striking “is less than  
2 \$300,000,000 per year” and inserting “for any  
3 year is less than the amount which is equal to  
4 the lesser of 20 percent of the aggregate net  
5 earnings of such banks for such year or  
6 \$300,000,000”; and

7 (B) in clause (ii), by striking “is more  
8 than \$300,000,000 per year” and inserting “for  
9 any year is more than the amount which is  
10 equal to the lesser of 20 percent of the aggre-  
11 gate net earnings of such banks for such year  
12 or \$300,000,000”; and

13 (2) in subsection (f)(2)(C)—

14 (A) by striking “the aggregate amount of  
15 \$300,000,000” and inserting “the amount  
16 which is equal to the lesser of 20 percent of the  
17 aggregate net earnings of such banks for such  
18 year or \$300,000,000”; and

19 (B) by striking “as follows:” and all that  
20 follows and inserting “by requiring each such  
21 bank to pay an equal percentage of the net  
22 earnings of the bank for the year for which  
23 such payment is so required, up to a maximum  
24 of 20 percent of the net earnings of the bank.”;

1 (b) BACKUP FOR REDUCTION IN PAYMENTS DUE TO  
2 PARAGRAPH (1) AMENDMENTS.—Section 21B(f)(2) of the  
3 Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2))  
4 is amended—

5 (1) by redesignating subparagraphs (D) and  
6 (E) as subparagraphs (E) and (F), respectively; and

7 (2) by inserting after subparagraph (C) the fol-  
8 lowing:

9 “(D) BACKUP ASSESSMENT AUTHORITY  
10 FOR CERTAIN SUBPARAGRAPH (C) REDUC-  
11 TIONS.—

12 “(i) IN GENERAL.—To the extent the  
13 amounts available pursuant to subpara-  
14 graphs (A), (B), and (C) are insufficient to  
15 cover the amount of interest payments for  
16 any year, the Federal Housing Finance  
17 Board shall impose an assessment on each  
18 assessable institution at a rate determined  
19 by such Board to be necessary for such  
20 Board to collect an amount equal to the  
21 amount of the deficiency.

22 “(ii) MAXIMUM AMOUNT LIMITA-  
23 TION.—The aggregate amount of assess-  
24 ments imposed under clause (i) for any  
25 year may not exceed the amount by which

1           \$300,000,000 exceeds 20 percent of the  
2           aggregate net earnings of the Federal  
3           home loan banks for such year.

4           “(iii) APPLIED TO INTEREST PAY-  
5           MENTS.—The amount received by the Fed-  
6           eral Housing Finance Board from assess-  
7           ments imposed under this subparagraph  
8           shall be transferred to the Funding Cor-  
9           poration to make such interest payments.

10          “(iv) PROCEDURES TO ENSURE TIME-  
11          LY PAYMENTS.—For purposes of carrying  
12          out this paragraph, the Federal Housing  
13          Finance Board shall establish such proce-  
14          dures for imposing and collecting any as-  
15          sessment under this subparagraph for any  
16          year as such Board determines are nec-  
17          essary to ensure that the payment under  
18          clause (iii) will be made no later than the  
19          date by which any payment by the Federal  
20          home loan banks under subparagraph (C)  
21          is due for such year.

22          “(v) ASSESSABLE INSTITUTION DE-  
23          FINED.—For purposes of this subpara-  
24          graph, the term ‘assessable institution’  
25          means—

1           “(I) any depository institution  
2           (as defined in section 3 of the Federal  
3           Deposit Insurance Act) which, at any  
4           time on or after January 1, 1993, has  
5           been a Savings Association Insurance  
6           Fund member (as defined in section  
7           7(l)(5) of the Federal Deposit Insur-  
8           ance Act) and, at the same time, has  
9           been a member of any Federal home  
10          loan bank; and

11          “(II) any depository institution  
12          (as defined in section 3 of the Federal  
13          Deposit Insurance Act) which ac-  
14          quires (as defined in section  
15          13(f)(8)(B) of such Act), or which re-  
16          sults from the merger or consolidation  
17          of any depository institution with, any  
18          depository institution described in  
19          subclause (I).”.

20          (c) TECHNICAL AND CONFORMING AMENDMENTS.—

21          (1) Section 21B(f)(2) of the Federal Home Loan Bank  
22          Act (12 U.S.C. 1441b(f)(2)) is amended—

23                  (A) in subparagraph (E) (as so redesignated by  
24                  subsection (b)(1) of this section), by striking “(B),  
25                  and (C)” and inserting “(B), (C), and (D)”; and

1 (B) in subparagraph (F)(i) (as so redesignated  
2 by subsection (b)(1) of this section), by striking  
3 “(C), and (D)” and inserting “(C), (D), and (E)”.

4 (2) Section 6(b)(3) of the Federal Home Loan  
5 Bank Act (12 U.S.C. 1426(b)(3)) is amended by  
6 striking “Except as provided in Subsection (i)” and  
7 inserting “Except as provided in subsection (e)”.

8 (3) Section 6(b)(4) of the Federal Home Loan  
9 Bank Act (12 U.S.C. 1426(b)(4)) is deleted and sec-  
10 tion 6(b)(5) is redesignated as Section 6(b)(4).

11 **SEC. 4. STUDY OF FEASIBILITY OF CREATING A CLASS OF**  
12 **AFFILIATE MEMBERSHIP OF THE FEDERAL**  
13 **HOME LOAN BANKS FOR MORTGAGE BANK-**  
14 **ERS AND STATE HOUSING AUTHORITIES; RE-**  
15 **PORT TO THE CONGRESS.**

16 (a) STUDY.—The Federal Housing Finance Board  
17 shall study the feasibility of creating a class of affiliate  
18 members of the Federal home loan banks for institutions  
19 that make long-term home mortgage loans, and the desir-  
20 ability of applying requirements to such members that dif-  
21 fer from the requirements currently applicable to the  
22 members of the Federal home loan banks in the areas of—

23 (1) the ability to obtain loans from the Federal  
24 home loan banks,

1           (2) the rate of interest to be charged on such  
2       loans,

3           (3) the collateral required for such loans,

4           (4) restrictions on use of such loans, and

5           (5) the stock of the Federal home loan banks  
6       required to be purchased.

7       (b) REPORT.—Not later than December 31, 1993,  
8       the Federal Housing Finance Board shall submit to the  
9       Congress a report that contains the findings of the study  
10      required by subsection (a).

11   **SEC. 5. EFFECTIVE DATE.**

12       The amendments made by sections 2 and 3 shall take  
13      effect at the end of the 6-month period beginning on the  
14      date of the enactment of this Act.

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