

would instead add only a single element to identify such member, the "Federal Housing Finance Board Identification (FHFBID) Number," which will permit linking the AMA data with the Finance Board's membership database.

The proposed rule would also reduce reporting redundancy by removing pool variables from the loan-level data report and requiring a separate pool-level data report. Under the current reporting system, the pool-level credit rating, as well as the participation percentage of each Bank in a loan's pool, is reported at the loan-level. Thus, the same information about the pool is reported numerous times, once for each loan in the pool. Under the proposed rule, a pool identifier would be reported at the loan-level, and pool-level information would be reported only once in the pool-level report. In addition to streamlining the pool-level data reporting, proposed §§ 955.7(c) and (d) would require the Banks to provide a quarterly update on loan pools so that the Finance Board can monitor changes in the credit quality of pools and estimated or actual credit enhancements, which are important safety and soundness considerations. See proposed Appendices A and B, part III. The pool-level report would include: The "Bank District Flag;" the "Pool Number;" 12 variables representing the "Participation Percentages" of each of the 12 Banks in the pool; and four variables representing information on the pool credit enhancement and credit rating—"Pool Rating," "Pool Credit Enhancement,"⁹ "Recalculated Pool Rating," and "Recalculated Credit Enhancement."

Proposed addition of new data elements. The proposed rule would add several new fields to the list of required data elements to comply with OMB Notice of Decision, "Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity," 62 FR 58782 (October 30, 1997) (OMB Notice of Decision). Specifically, "Borrower Ethnicity" and "Co-Borrower Ethnicity," which currently are collected and reported under the "Borrower Race or National Origin" and "Co-Borrower Race or National Origin" fields, would be separately collected

and reported. The race fields would be renamed "Borrower Race" and "Co-Borrower Race," consistent with the OMB Notice of Decision.

The proposed rule also would add the following loan-level data elements to allow for better tracking and modeling of prepayment and default rates of AMA: "Type of Credit Score;" redefinitions of "Borrower Credit Score" and "Co-Borrower Credit Score" to include, in addition to the Fair, Isaacs, Co. (FICO) score, the NextGen FICO credit score; "Adjustment Frequency;" "Negative Amortization;" "Current Unpaid Principal Balance;" "Current Coupon;" and "Loan Amount" (for multi-family AMA).

Each of the two proposed Appendices would be sub-divided into three parts for the three types of data that would be required to be collected and reported: Part I—Loan-level data elements to be reported for all single-family and multi-family AMA acquired during the calendar quarter; part II—Loan-level data elements to be reported for all single-family and multi-family AMA outstanding in the calendar quarter; and part III—Pool-level data elements to be reported for pools of single-family and multi-family AMA. The loan-level data elements contained in part I of both Appendices generally reflect characteristics of the loan or the borrower(s) and should not change over the life of the loan. As indicated above, to simplify the current reporting requirements, loan-level data specified in part I would only be required to be submitted during the calendar quarter in which the loan is acquired by a Bank.

The loan-level data elements contained in part II of the Appendices would include data that the Bank would be required to report for all single-family and multi-family AMA outstanding in a calendar quarter. These data elements are more meaningful when monitored on a continuing basis. This information would be used by the Finance Board to create and maintain a database to be used for safety and soundness monitoring, particularly of the Bank's risk management.

Part III of the Appendices would contain the data that the Bank would be required to report for pools or assets backed by pools. This information also would be used by the Finance Board to monitor the safety and soundness of the Bank's AMA program.

The Finance Board seeks comments on whether the data descriptions in proposed Appendices A and B are clear with regard to whole loans, or pools of such loans, that would back assets described in proposed § 955.3(c).

Failure to obtain data elements. The Finance Board recognizes that members or housing associates from whom the Banks acquire AMA may be unable to supply, or may fail to supply, all of the data items specified in Appendices A and B for all assets.

Neither the Bank, nor the member or housing associate from which the Bank acquires an asset, is expected to guarantee that all data items for each asset will be supplied. However, the Finance Board does expect the Banks to: Monitor how completely members or housing associates supply the requested data; identify and report to the Finance Board difficulties, problems or issues with respect to particular data fields or particular members or housing associates; and work with members and housing associates to minimize gaps in the data submissions. This guidance should not be interpreted to mean that the Banks may acquire an asset or a pool of assets if the Banks cannot collect data items necessary for purposes of establishing the equivalent credit rating of such asset or pool of assets under proposed § 955.5(a).

G. Administrative and Investment Transactions Between Banks—Proposed § 955.8

Under the proposed rule, the provisions governing administrative and investment transactions between Banks, which currently are contained in § 955.5, would be relocated to § 955.8. See 12 CFR 955.5. Section 955.5(c) of the current rule states that a Bank that has delegated its AMA pricing function to another Bank shall retain a right to refuse to acquire AMA at prices it does not consider appropriate. 12 CFR 955.5(c). Under the AMA programs, one Bank can provide the back-office services for other Banks. Section 955.5(c) was included in the current rule to ensure that the other Banks are not obligated to acquire AMA at prices set by the Bank providing the back-office functions. The Banks have now experienced several years of participation in AMA programs, which have grown significantly in volume. The Finance Board seeks comment on whether § 955.5(c) is no longer necessary or appropriate now that the Banks have more experience and options relating to AMA programs.

H. Risk-Based Capital Requirement for AMA—Proposed § 955.9

The proposed rule would include a risk-based capital provision that specifies the type and amount of capital that a Bank must hold against AMA for which the estimated credit rating is less than the second highest category of

⁹ The new data element "Pool Credit Enhancement" would replace the current data element "Credit Enhancement," which itself has been redefined since the current rule was adopted. See n.6, *supra*. The Finance Board has effectively been collecting pool-level credit enhancement values because it aggregates the loan-level credit enhancement values currently collected. Standing alone, however, the loan-level credit enhancement values are not as meaningful as the pool-level values, and the Finance Board, therefore, is proposing to collect the pool-level values directly.