

(c) *Terms and conditions*—(1) *General*. Subject to the provisions of this paragraph (c), a Bank, in its discretion, shall determine whether, and on what terms, it will make advances to a housing associate.

(2) *Advance pricing*. (i) A Bank shall price advances to housing associates in accordance with the requirements for pricing advances to members set forth in §950.3(b). Wherever the term “member” appears in §950.3(b), the term shall be construed also to mean “housing associate.”

(ii) A Bank shall apply the pricing criteria identified in §950.5(b)(2) equally to all of its member and housing associate borrowers.

(3) *Limit on advances*. The principal amount of any advance made to a housing associate may not exceed 90 percent of the unpaid principal of the mortgage loans or securities pledged as security for the advance. This limit does not apply to an advance made to a housing associate under paragraph (b)(2) of this section.

(d) *Transaction accounts*. Solely for the purpose of facilitating the making of advances to a housing associate, a Bank may establish a transaction account for each housing associate.

(e) *Loss of eligibility*—(1) *Notification of status changes*. A Bank shall require a housing associate that applies for an advance to agree in writing that it will promptly inform the Bank of any change in its status as a housing associate.

(2) *Verification of eligibility*. A Bank may, from time to time, require a housing associate to provide evidence that it continues to satisfy all of the eligibility requirements of the Act, this subpart and part 926 of this chapter.

(3) *Loss of eligibility*. A Bank shall not extend a new advance or renew an existing advance to a housing associate that no longer meets the eligibility requirements of the Act, this subpart and part 926 of this chapter until the entity has provided evidence satisfactory to

the Bank that it is in compliance with such requirements.

(The Office of Management and Budget has approved the information collection contained in this section and assigned control number 3069-0005 with an expiration date of November 30, 2002.)

[58 FR 29469, May 20, 1993, as amended by 65 FR 203, Jan. 4, 2000; 65 FR 8263, Feb. 18, 2000. Redesignated and amended at 65 FR 44430, July 18, 2000; 67 FR 12851, Mar. 20, 2002]

Subpart C—Advances to Out-of-District Members and Housing Associates

§950.25 Advances to out-of-district members and housing associates.

(a) *Establishment of creditor/debtor relationship*. Any Bank may become a creditor to a member or housing associate of another Bank through the purchase of an outstanding advance, or a participation interest therein, from the other Bank, or through an arrangement with the other Bank that provides for the establishment of such a creditor/debtor relationship at the time an advance is made.

(b) *Applicability of advances requirements*. Any creditor/debtor relationship established pursuant to paragraph (a) of this section shall be subject to all of the provisions of this part that would apply to an advance made by a Bank to its own members or housing associates.

[65 FR 43981, July 17, 2000; 65 FR 46049, July 26, 2000, as amended at 67 FR 12852, Mar. 20, 2002]

PART 951—AFFORDABLE HOUSING PROGRAM

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