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(f) Advances collateral security requiring formal approval. No home mortgage loan otherwise eligible to be accepted as collateral for an advance by a Bank under this section shall be accepted as collateral for an advance if any director, officer, employee, attorney or agent of the Bank or of the borrowing member is personally liable thereon, unless the board of directors of the Bank has specifically approved such acceptance by formal resolution, and the Finance Board has endorsed such resolution.

(g) Pledge of advances collateral by affiliates. Assets held by an affiliate of a member that are eligible as collateral under paragraphs (a) or (b) of this section may be used to secure advances to that member only if:

1. The collateral is pledged to secure either:
   (i) The member’s obligation to repay advances; or
   (ii) A surety or other agreement under which the affiliate has assumed, along with the member, a primary obligation to repay advances made to the member; and
2. The Bank obtains and maintains a legally enforceable security interest pursuant to which the Bank’s legal rights and privileges with respect to the collateral are functionally equivalent in all material respects to those that the Bank would possess if the member were to pledge the same collateral directly, and such functional equivalence is supported by adequate documentation.

§ 950.8 Banks as secured creditors.

(a) Collateral safekeeping. Each Bank shall determine the value of collateral securing the Bank’s advances in accordance with the collateral valuation procedures set forth in the Bank’s member products policy established pursuant to §917.4 of this chapter.

§ 950.10 Collateral valuation; appraisals.

(a) Collateral valuation. The Bank shall not be entitled to priority over the claims and rights of a party that:

1. Would be entitled to priority under otherwise applicable law; and
2. Is an actual bona fide purchaser for value of such collateral or is an actual secured party whose security interest in such collateral is perfected in accordance with applicable state law.