



October 27, 2000

Senior Vice President/General Counsel  
Federal Home Loan Bank

NO-ACTION LETTER: Six-Month Waiting Period for Withdrawal from Membership  
(2000-NAL-11)

Dear Ms. :

This letter is in response to your request of September 6, 2000 for a regulatory interpretation or waiver of the requirement in the Federal Housing Finance Board (Finance Board) Membership Regulation that a member provide at least six months' written notice of its intention to withdraw from membership in a Federal Home Loan Bank (FHLBank) before its capital stock in the FHLBank may be redeemed. *See* 12 C.F.R. §§ 925.26 and 925.29 and 12 U.S.C. § 1426(e).

Based on the information provided by the FHLBank, we understand that one of your members, [REDACTED] Association (Association), an uninsured state-chartered thrift, officially ceased business on May 19, 2000, in a voluntary liquidation. All depositors have been paid the balance of their accounts, all investments (other than the FHLBank capital stock) have been liquidated, all loans have been sold and correspondent bank accounts closed, with the exception of one bank account where liquidation proceeds are being deposited and held for later disbursement. The surrender of Association's charter will not take place until the liquidation is fully complete and all mutual members receive their final disbursement. The only outstanding item awaiting liquidation is Association's capital stock in the FHLBank, which has a value of \$ [REDACTED]

We also understand that the FHLBank would like to honor Association's request to redeem its capital stock as soon as possible because Association has no outstanding advances with the FHLBank and Association holds a *de minimis* amount of FHLBank capital stock.

Given these circumstances, Finance Board staff will not recommend to its Board of Directors that supervisory action be taken against the FHLBank, nor will Finance Board staff undertake any such supervisory action, if the FHLBank redeems Association's capital stock prior to the end of the six-month notice period.

This No-Action Letter represents only the position of Finance Board staff, and may be modified or superseded by the Board of Directors of the Finance Board. Because this No-Action Letter is based upon your representations, any change in the facts or circumstances from those represented may warrant a staff recommendation that the Finance Board take appropriate supervisory action.

If you have any questions regarding this No-Action Letter, please contact Mitchell Berns, Director, Office of Supervision, at (202) 408-2562.

Sincerely yours,

*/s/ James L. Bothwell*

James L. Bothwell  
Managing Director

cc: William C. Apgar  
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