

No.: 92-744.1  
Date : December 15, 1992

FEDERAL HOUSING FINANCE BOARD

Approval of a Request of the Federal Home Loan Bank of  
Dallas for Modification of Federal Housing Finance Board  
Resolution No. 91-73 Regarding Reinvestment  
of Proceeds of Certain Repaid Advances

WHEREAS, the Federal Home Loan Bank of Dallas ("FHLBank of Dallas") has requested certain changes to Federal Housing Finance Board Resolution No. 91-73, in which the Federal Housing Finance Board ("Finance Board") approved a special investment authority ("SIA") for the FHLBank of Dallas to reinvest proceeds of certain repaid advances; and

WHEREAS, the Finance Board has determined that the FHLBank of Dallas has managed the SIA in accordance with the conditions of Resolution No.: 91-73; and

WHEREAS, the FHLBank of Dallas has found that while the SIA improved its earnings and maintained interest rate risk at very low levels, that certain of the conditions of Resolution No.: 91-73 create serious financial management difficulties in the current interest rate environment; and

WHEREAS, the Finance Board wishes to establish a rule that will allow for a transition from the SIA conditions with regard to the duration of equity to the guidelines of the Finance Board's Financial Management Policy.

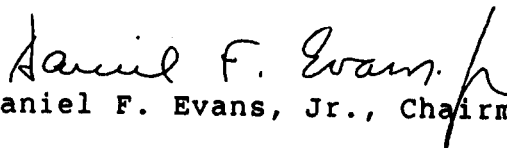
NOW THEREFORE, pursuant to the Finance Board's authority with respect to the investment of surplus FHLBank funds [See 12 U.S.C.A. sec. 1431(h) (West Supp. 1990)],

RESOLVED, that the Finance Board modifies Resolution No.: 91-73, replacing conditions 3 and 7, respectively, of that resolution, with revised conditions 3 and 7, as appear below, such that the FHLBank of Dallas shall:

3. Manage the maturity of special investment portfolio assets and liabilities such that the marginal funds gap, defined as the excess of funded assets over funding liabilities in any maturity gap in excess of 1.2 years, may not be greater than 10 percent of SIA portfolio assets. Also, the weighted average maturity of the portfolio of mortgage backed securities may not exceed by more than six months the weighted average maturity of the funding consolidated obligations.

7. Maintain the FHLBank of Dallas' base case duration of equity between a -1 year and a + 2 years; moreover, based on a simulated instantaneous interest rate shock of  $\pm 200$  basis points, the duration of the FHLBank of Dallas' equity may not extend beyond a -3 and +5 years.

**By the Federal Housing Finance Board**

  
Daniel F. Evans, Jr., Chairman