

No.: 95-13

Date: August 9, 1995

FEDERAL HOUSING FINANCE BOARD

Removal of Members from the List of Eligible Counterparties
for Federal Home Loan Bank Resale Agreements

WHEREAS, Federal Housing Finance Board ("Finance Board") Resolution No. 93-133, dated December 15, 1993, identifies members of a Federal Home Loan Bank ("FHLBank or Bank") as eligible counterparties for resale agreements ("resales") with that Bank; and

WHEREAS, several FHLBanks have raised the issue that providing secured credit to members via resales could be used as a mechanism to redistribute a portion of the Banks' Resolution Funding Corporation ("REFCorp") obligations; and

WHEREAS, the Finance Board believes that using resales for such purposes could result in the FHLBank System moving more quickly toward its statutory limit on advances to members that are not qualified thrift lenders, most of whom are voluntary members; and

WHEREAS, the Finance Board wishes to avoid a situation wherein certain voluntary members might seek to withdraw from membership due to the unavailability of FHLBank credit.

NOW THEREFORE, the Finance Board deems all secured extensions of credit by a FHLBank to its members, regardless of the form of the transaction, to be advances, subject to all statutory and regulatory provisions applicable to FHLBank advances;

RESOLVED, that the Finance Board's Financial Management Policy ("FMP") is hereby revised by deleting FHLBank members from the list of counterparties eligible to receive secured extensions of credit via resales, as provided in footnote 2 of the FMP;

FURTHER RESOLVED, that this action by the Finance Board is effective for all secured extensions of credit provided by a FHLBank to a member tier 6:00 p.m. Eastern Daylight Time, Wednesday, August 9, 1995,

FURTHER RESOLVED, that all existing secured extensions of credit that are renewed shall be considered advances and that existing secured extensions of credit which contain options allowing a Bank to terminate the secured extension of credit as of a given date shall be considered advances if the Bank chooses not to exercise the option.

By the Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "B A Morrison". The signature is written in a cursive, somewhat stylized font.

Bruce A. Morrison, Chairman