

FEDERAL HOUSING FINANCE BOARD
[No. 93-88]

Members of the Federal Home Loan Banks

AGENCY: Federal Housing Finance Board.

ACTION: Notice of guidelines for calculation of minimum Federal Home Loan Bank capital stock purchase requirement.

SUMMARY: The Federal Housing Finance Board ("Finance Board") is issuing guidelines that set forth the instructions and definitions for calculating the minimum Federal Home Loan Bank ("FHLBank") capital stock purchase requirements of members and applicants for FHLBank membership. These guidelines are intended to provide guidance to the FHLBanks in order to ensure uniform interpretation and application by the FHLBanks of the definitions for the calculation of FHLBank stock purchase requirements.

DATES: These guidelines were effective as of November 17, 1993.

FOR FURTHER INFORMATION CONTACT: Amy R. Maxwell, Assistant Director, District Banks Directorate, (202) 408-2882, or Sharon B. Like, Attorney-Advisor, Office of Legal and External Affairs, (202) 408-2930, Federal Housing Finance Board, 1777 F Street NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION: In order to address the significant changes that the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73, 103 Stat. 183 (Aug. 9, 1989) ("FIRREA") made to the membership provisions in the Federal Home Loan Bank Act ("Bank Act"), the Finance Board published, on August 17, 1993, a final rule concerning membership in the FHLBank System ("final membership regulation"), 58 FR 43522 (1993), codified at 12 CFR part 933.

This notice sets forth the instructions and guidelines for calculating a FHLBank member's minimum stock requirement pursuant to 12 U.S.C. 1426(b), 1430(e)(3) and 12 CFR 933.7.

GUIDELINES FOR CALCULATION OF FEDERAL HOME LOAN BANK CAPITAL STOCK REQUIREMENT

I. Background

Section 6(b) of the Federal Home Loan Bank Act requires all members of the FHLBank System to purchase FHLBank stock equal to one percent of the member's aggregate unpaid loan principal, but not less than \$500. 12 U.S.C. 1426(b); see 12 CFR 933.7(a).

Additionally, section 10(e)(3) requires each member to purchase FHLBank stock as if at least 30 percent of its total assets were home mortgage loans. 12 U.S.C. 1430(e)(3); see 12 CFR 933.7(b).

Therefore, a member is required to maintain FHLBank stock equal to the greater of one percent of aggregate unpaid loan principal or one percent of 30% of total assets.

To ensure that the FHLBanks are uniformly interpreting and applying the definitions for the FHLBank stock requirement calculation, these guidelines provide instructions and definitions for calculating the minimum capital stock requirement.

II. Documentation

1. A certification indicating an agreement to purchase FHLBank stock must be completed at the time the membership application is filed with the FHLBank (see sample certification attached as Exhibit A). The certification must be signed by a majority of the Applicant's board members or by a representative delegated the authority to sign for the board and whose signature is attested to by the corporate secretary.

The purpose of such a certification is to ensure that the Applicant understands the stock purchase requirement and knows the approximate amount of stock required to be purchased after approval.

2. Exhibits B through D provide line item definitions and calculation methodology for the minimum FHLBank stock requirement for commercial banks, thrifts and credit unions.

Note: The line item definitions contained on the attached forms also can be used during the annual FHLBank stock adjustment process or upon approval for membership. See 12 U.S.C. 1426(b)(1), 12 CFR 933.9(b)(1).

III. Special Conditions

1. Thrift Calculation. The line item definitions provided for the thrift calculation incorporate line items from the year-end Annual Supplement. Consequently, the FHLBank should develop a comparable quarterly line item definition for thrift applicants filing for membership after the first quarter of operation.

2. Insurance Company Calculation. In calculating the FHLBank stock requirement for insurance company applicants, the FHLBank will need to obtain a complete listing of all permanent single and multifamily mortgages and all residential mortgage-backed securities.

Dated: November 17, 1993.

By the Federal Housing Finance Board.
Philip L. Conover,
Managing Director.

Exhibit A

Federal Home Loan Bank of _____

Applicant Name: _____

Application for Membership and Purchase of Stock in Federal Home Loan Bank

(Date of Application) _____

The undersigned Applicant hereby applies for membership in the Federal Home Loan Bank of _____ (FHLBank) and, if approved for membership, will purchase _____ shares of stock in the par value of \$100 each in the FHLBank, and agrees to make payment in the amount of \$ _____ as payment of said stock purchase within 60 calendar days of approval for FHLBank membership.

Applicant is of the opinion that it is eligible to become a member of the FHLBank and that it is authorized to purchase and hold capital stock in the FHLBank and to maintain deposits there. Applicant understands that this application must be considered, acted upon, and approved by the Federal Housing Finance Board (Finance Board) before becoming a member of the FHLBank.

In submitting this application, Applicant understands and agrees that:

(1) It will be advised whether or not its application for membership is approved.

(2) If admitted to membership, it will conform to all requirements of the Federal Home Loan Bank Act, as now or hereafter amended, and to the rules and regulations thereunder.

(3) In applying for, and if Applicant is admitted to membership, the Finance Board and the FHLBank are authorized to receive any information, examination reports and other supervisory materials provided by the appropriate State or Federal regulatory authority or officer exercising supervisory authority over Applicant regarding Applicant and its affairs.

(4) It will not represent itself to be a member of the FHLBank until it has received notice of approval of membership and has purchased its minimum stock requirement. Federal Home Loan Bank of _____

Applicant Name: _____
Applicant by its duly authorized representative and the undersigned members of Applicant's board of directors severally represent that each such person has read this application and that in the opinion of each such person, he or she has made such examination and investigation as is necessary (or is relying in good faith upon information received from qualified persons) to enable him or her to express an informed opinion that this application complies, to the best of his or her knowledge and belief, with the applicable requirements of the Federal Home Loan Bank Act and the rules and regulations thereunder.

(Exact Name of Applicant as Specified in Charter)

(Street Address of Applicant) _____
 (City, State, and Zip Code) _____
 By: _____
 (Duly Authorized Representative)
 Attest: _____
 (Secretary)
 Signatures of at Least a Majority of the
 Directors/Trustees*
 Name (print) _____

 Corporate Title _____

 Signatures _____

Required Stock Purchase:
 Greater of (2) or (4); Round (5)
 to next highest \$100 (5) _____
 Please enter total (in thousands) as reported on
 the most recent Thrift Financial Report.

Exhibit D—Credit Unions
 Computation of FHLBank Stock Requirement
 As of _____
 (most recent quarter)
 First Mortgage Real Estate
 (NCUA 5300, Line 703) _____
 Minus:
 Portion of line 703 representing
 construction loans _____
 Total Mortgage Real Estate Assets (1) _____
 Plus:
 Other Real Estate (NCUA 5300,
 Line 386) (2) _____
 Federal Agency Mortgage-Backed
 Securities (Include only the por-
 tion of NCUA 5300, Line 742c
 that is MBS) (3) _____
 Net Mortgage Loans (1) + (2) + (3) (4) _____
 1% of (4) (5) _____
 Total Assets (NCUA 5300, Line
 810) (6) _____
 .3% of (6) (7) _____

Required Stock Purchase:
 Greater of (5) or (7); Round (8)
 to next highest \$100 (8) _____
 Please enter total (in thousands) as reported on
 the most recent NCUA Financial Report.

Finance Board on August 17, 1993, published a final rule concerning membership in the FHLBank System ("final membership regulation"), 58 FR 43522 (1993), codified at 12 CFR Part 933.

Under § 933.3(a) of the final membership regulation, the board of directors of a FHLBank is delegated the authority to approve applications for membership that meet all of the criteria set forth in the Bank Act, the final membership regulation and policy guidelines to be established by the Finance Board. This notice sets forth the policy guidelines established by the Finance Board that must be met for a membership application to be approved by a FHLBank pursuant to the FHLBank's delegated authority. See 12 CFR 933.3(a). Applications for membership that do not meet the criteria for delegated approval nevertheless may meet the criteria for membership in the statute and regulation and may be approved by the Finance Board. See 12 CFR 933.3(c).

GUIDELINES FOR DELEGATED APPROVAL OF FEDERAL HOME LOAN BANK MEMBERSHIP APPLICATIONS

I. Background

Section 933.3(a) of the Finance Board's membership regulation provides for delegation of the authority to approve membership applications to the board of directors of each FHLBank, provided the applications meet all of the statutory and regulatory criteria and conditions set forth by the Finance Board. See 12 CFR 933.3(a). These guidelines describe the criteria that must be met for a membership application to be approved by a FHLBank pursuant to delegated authority.

II. Documentation

A. Delegation Criteria

To be approved for membership by the FHLBank, the Applicant must meet the following delegation criteria:

1. The institution must meet all of the statutory requirements for membership set forth in the Federal Home Loan Bank Act and implemented in the Finance Board's membership regulation, including:

- Duly organized under the laws of any State or of the United States, 12 U.S.C. 1424(a)(1)(A); 12 CFR 933.4(a)(1);
- Subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States, 12 U.S.C. 1424(a)(1)(B), 12 CFR 933.4(a)(2);

***Optional**

Exhibit B—Commercial Banks

Computation of FHLBank Stock Requirement
 As of _____
 (most recent quarter)
 Sum of:
 1-4 Family Mortgages—Revolving (RC-C, Line 1c(1)) _____
 1-4 Family Mortgages—Other (RC-C, Line 1c(2)a+b) _____
 Multifamily Loans (RC-C, Line 1d) _____
 FNMA & FHLMC PCs & Passthroughs (RC-B, Line 2a(1)) _____
 GNMA PCs & Passthroughs (RC-B, Line 2a(2)) _____
 Other Private Residential PCs & Passthroughs (RC-B, Line 4a) _____
 Total Mortgage Assets (1) _____
 1% of (1) (2) _____
 Total Assets (3) _____
 .3% of (3) (4) _____

Required Stock Purchase:
 Greater of (2) or (4); Round (5)
 to next highest \$100 (5) _____
 Please enter total (in thousands) as reported on
 the most recent regulatory financial report.

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[No. 93-88]

Members of the Federal Home Loan Banks

AGENCY: Federal Housing Finance Board.
ACTION: Notice of guidelines for delegated approval of Federal Home Loan Bank membership applications.

SUMMARY: The Federal Housing Finance Board ("Finance Board") is publishing its guidelines that set forth the procedures for assessing whether an application for membership in a Federal Home Loan Bank ("FHLBank") can be approved by a FHLBank under delegated authority.

DATES: These guidelines were effective as of November 17, 1993.

FOR FURTHER INFORMATION CONTACT: Amy R. Maxwell, Assistant Director, District Banks Directorate, (202) 408-2882, or Sharon B. Like, Attorney-Advisor, Office of Legal and External Affairs, (202) 408-2930, Federal Housing Finance Board, 1777 F Street, NW., Washington, DC 20006.

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Exhibit C—Thrifts

Computation of FHLBank Stock Requirement
 As of _____
 (most recent quarter)
 Mortgage Loans and Contracts (AS 150) _____
 Minus:
 Residential Construction Loans (SC 230 plus SC 235) _____
 Minus:
 Balance of loans in process/undisbursed commitments on residential property (AS 140) _____
 Net Mortgage Loans (1) _____
 1% of (1) (2) _____
 Total Assets (SC 060) (3) _____
 .3% of (3) (4) _____