



No.: **2002-55**
Date: **October 9, 2002**

FEDERAL HOUSING FINANCE BOARD

Amendment to the Capital Structure Plan of the Federal Home Loan Bank of Seattle

WHEREAS, by Resolution Number 2002-09, dated March 13, 2002, the Board of Directors of the Federal Housing Finance Board (Finance Board) approved a capital structure plan (Plan) for the Federal Home Loan Bank of Seattle (Bank) in accordance with the Gramm-Leach-Bliley Act (GLB Act) and Finance Board regulations; and

WHEREAS, section 6(b)(2) of the Federal Home Loan Bank Act, as amended by the GLB Act, 12 U.S.C. § 1426(b)(2), requires the board of directors of each Federal Home Loan Bank to submit to the Finance Board for approval any modifications to an approved capital structure plan; and

WHEREAS, the board of directors of the Bank determined that it would be appropriate to amend the Plan to provide it with greater flexibility to manage its capital levels and to achieve greater parity with provisions set forth in the capital structure plans of other Federal Home Loan Banks; and

WHEREAS, on September 20, 2002, the board of directors of the Bank approved changes to sections II and IV of the Plan as well as to make certain additional conforming changes to the Plan; and

WHEREAS, on October 3, 2002, the management of the Bank made additional changes to the Plan; and

WHEREAS, the changes approved by the Bank's board of directors and the additional changes made by the Bank's management constitute Amendments to the Plan that would:

Revise section II(B)(1)(a) to set the minimum point in the range for the Advance Stock Purchase Requirement at 2.5 percent;

Revise section II(B)(1)(b) to set the minimum point in the range for the Member MPP Stock Purchase Requirement at 0 percent;

Delete section II(B)(3) to remove the Test for Sufficiency of Required Capital;

Add new section II(C) to allow the Bank to issue stock in a general offering to members from time to time;

Revise section II(F) to suspend a member's access to the Bank's product and services if that member fails to comply with any requirement of the Plan and to add a statement to the Plan that such failure to comply may lead to involuntary termination of membership;

Revise section IV(B)(7)(a) to allow members to waive the notice period for the Bank's repurchase of excess stock for which the member has filed a redemption notice;

Add new section IV(B)(7)(f) to allow the Bank to hold redemption proceeds owed a member as additional collateral if the Bank reasonably believes that there is an existing or anticipated collateral deficiency with regard to any obligation owed by that member to the Bank until the obligation is settled or the collateral deficiency is resolved;

Revise section IV(B)(9) to allow the transfer of Excess Stock between Bank members that are affiliates and to clarify that the stock of a disappearing member may be transferred to the surviving member when two members are consolidated; and

WHEREAS, on September 20, 2002, the board of directors of the Bank also authorized the President of the Bank to submit the Amendments to the Finance Board for approval; and

WHEREAS, the Board of Directors of the Finance Board has considered the Amendments, the supporting materials submitted by the Bank, as well as a memorandum from the Office of Supervision and the Office of General Counsel that analyzes the Amendments and recommends their approval; and

WHEREAS, the Board of Directors of the Finance Board has determined that the Amendments meet all statutory and regulatory requirements regarding capital structure, and does not compromise the safety and soundness of the Bank or of the Federal Home Loan Bank System;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors of the Finance Board hereby approves the Amendments, as submitted by the Bank, pursuant to sections 2B(a)(1) and 6(b)(2) of the Bank Act, 12 U.S.C. §§ 1422b(a)(1) and 1426(b)(2);

IT IS FURTHER RESOLVED that the Amendments to the Plan shall not take effect until the Bank submits to the Finance Board written confirmation that the full board of directors of the Bank has ratified the changes made by the Bank's management to the version of the capital structure plan approved by its board of directors on September 20, 2002;

IT IS FURTHER RESOLVED that the Board of Directors' consideration and approval of the Amendments does not alter the on-going obligation imposed on the Bank by Resolution Number 2002-09 to promptly notify the Finance Board in the event that the board of directors of the Bank exercises its authority under section II(B)(1)(a-c) of the Plan to revise the applicable percentage of any stock purchase requirement or its authority under section II(B)(2)(b-c) of the Plan to decrease the limit on the amount of Excess Stock that a member may own.

By the Board of Directors of the
Federal Housing Finance Board

/s/ John T. Korsmo

John T. Korsmo
Chairman