

FEDERAL HOUSING FINANCE BOARD

Authority to Issue Federal Home Loan Bank
Consolidated Obligations

WHEREAS, Section 11 of the Federal Home Loan Bank Act ("Act") [12 U.S.C. 1431 (c)] places authority to issue Federal Home Loan Bank ("FHLBank") consolidated bonds or notes ("consolidated obligations" or "COs") with the Federal Housing Finance Board ("Finance Board"); and

WHEREAS, Section 2B of the Act [12 U.S.C. 1322b (b)] authorizes the Finance Board to delegate ministerial functions, including issuing consolidated obligations, to a joint office of the Federal Home Loan Bank System ("System"); and

WHEREAS, the Office of Finance ("OF") under the management of its board of directors ("OF board") has been established by the Finance Board as a joint office of the System to act as the Fiscal Agent for the FHLBanks;

NOW, THEREFORE, BE IT RESOLVED, that:

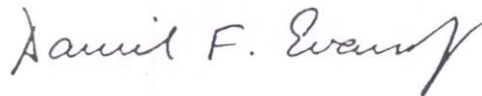
1. The OF board is authorized to approve the terms and conditions under which FHLBank COs will be issued; Provided, that, except under the terms and conditions cited in paragraphs 2 and 3, the rates on such COs shall not exceed the following spreads over market indices:
 - o 100 basis points over comparable maturity U. S. Treasury issues; or
 - o 100 basis points over the 11th District Cost of Funds Index ("COFI"); or
 - o 15 basis points below the London Interbank Offering Rate ("LIBOR").
2. In the case of COs issued with rates based upon market indices other than those identified in paragraph 1, such rates shall not exceed spreads over these indices such that, when swapped back to LIBOR, the net realizable spread would exceed LIBOR minus 15 basis points.

3. The Chairman of the OF board, or in the absence of the Chairman, the Vice Chairman, may direct the OF to issue FHLBank System COs at rates that exceed those authorized herein; Provided, that upon such issuance, the Chair or Vice Chair shall promptly forward to the Finance Board a written certification that the funding generated from such issues can be placed by a participating FHLBank either at a profitable spread or as part of the FHLBank's Affordable Housing or Community Investment Programs.

4. The OF board is authorized to approve the offering, issuing, and, as necessary, the re-opening of FHLBank System COs in an aggregate amount not to exceed \$15 billion per calendar month, through the period ending May 31, 1992, or until such earlier date that a formal plan of FHLBank System financing requirements for the remainder of the calendar year ended December 31, 1992, is presented to and approved by the Finance Board.

RESOLVED FURTHER, that the Finance Board, in its sole discretion may, at any time, revise or revoke the above authorizations.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., Chairman