

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 ("FHLBankn) 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;

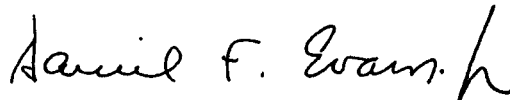
NOW, THEREFORE, BE IT RESOLVED, that:

1. The OF Board is authorized to approve the offering, issuing, and, as necessary, the re-opening of FHLBank System COs in an aggregate amount not to exceed \$45 billion during the 3-month period ending December 31, 1992.
2. The OF Board is authorized to approve the offering, issuing, and, as necessary, the reopening of debt structures whose interest payments or redemption are indexed to domestic or international interest rates as have heretofore been issued. No new debt structures of this type shall be offered unless authorized by the Finance Board. No consolidated obligations, shall be issued for purposes other than refunding existing consolidated obligations if, immediately following such issuance, the Bank System's ratio of consolidated obligations to capital stock would exceed 11.5:1. Further, no consolidated obligations shall be issued if immediately following such issuance, the Bank System's ratio of consolidated obligations to capital stock would exceed 11.8:1.

3. The ultimate cost of funds raised through the issuance of COs if issued without a swap or where applicable, if issued in conjunction with a swap, will not exceed the following parameters:
 - up to 100 basis points above comparable maturity U.S. Treasury issues; or
 - up to 100 basis points over the 11th District Cost of Funds Index ("COFI"); or
 - no less than 15 basis points below the U.S. dollar London Interbank Offering Rate ("LIBOR").
4. In the case of COs issued with rates based upon market indices other than those identified in paragraph 3, such rates shall not exceed spreads over those indices such that, when swapped, the net realizable spread would not exceed those spreads identified in paragraph 3.
5. 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.
6. The OF Board is authorized to approve the terms and conditions under which FHLBank COs will be issued, subject to paragraphs 1 through 5 above.
7. The Chairman of the OF Board, or in the absence of the Chairman, the Vice Chairman, with concurrence by the Deputy Executive Director of the Finance Board, or his designee, may authorize the maximum amount limitation to be exceeded provided the Chair or the Vice Chair report the amount and the necessary reasons immediately to the Finance Board.
8. The OF Board will submit to the Finance Board a formal plan of FHLBank System financing requirements for the year 1993 no later than December 31, 1992.

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