



Number: 2007-30
Date: October 9, 2007

FEDERAL HOUSING FINANCE BOARD

Delegation of Authority to Enter Into a Stipulation and Consent to the Issuance of an Order to Cease and Desist With the Federal Home Loan Bank of Chicago

WHEREAS, section 2A(a)(3) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. § 1422a(a)(3)) requires the Federal Housing Finance Board (Finance Board) to ensure that the Federal Home Loan Banks (FHLBanks) operate in a financially safe and sound manner, and to the extent consistent with this primary duty, to supervise the FHLBanks and ensure that they remain adequately capitalized;

WHEREAS, the 2007 examination revealed that the Federal Home Loan Bank of Chicago (Chicago Bank) has engaged in unsafe and unsound practices with respect to its capital management and market risk management;

WHEREAS, section 2B(a)(5) of the Bank Act (12 U.S.C. § 1422b(a)(5)) authorizes the Finance Board to order an FHLBank to cease any unsafe and unsound practices and to compel such FHLBank to take affirmative actions to correct conditions resulting from such practices in accordance with procedures set forth in section 1371 (c) or (f) of the Federal Housing Enterprises Financial Safety and Soundness Act (12 U.S.C. § 4631(c) or (f));

WHEREAS, section 1371(f) of the Federal Housing Enterprises Financial Safety and Soundness Act specifically contemplates that such an order may be issued upon the consent of the parties and become effective upon the date set forth in such order;

WHEREAS, on October 5, 2007, the Board of Directors of the Chicago Bank, without admitting or denying that grounds exist to initiate an administrative enforcement action against the Bank, desiring to cooperate with the Finance Board, and in the interest of addressing immediately any matters that could adversely affect members of the Bank and of avoiding the costs and distraction of litigation have executed, solely for the purpose of resolving this matter, a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Director of the Office of Supervision has consulted with the Board of Directors of the Finance Board regarding the terms of the Stipulation.

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors hereby delegates to the Director of the Office of Supervision the authority to execute the Stipulation with the Chicago Bank on behalf of the Finance Board in substantially the same form as the Stipulation provided to the Board of Directors.

By the Board of Directors of the Federal Housing Finance Board

Ronald A. Rosenfeld, Chairman