

No.: 93-6
Date: January 27, 1993

FEDERAL HOUSING FINANCE BOARD

Assumption of Debt by the FHLBank of San Francisco
without Prior Finance Board Authorization

WHEREAS, Section 11(a) of the Federal Home Loan Bank Act ("Act") allows the Federal Home Loan Banks ("FHLBanks" or "Banks") to enter into debt obligations, subject to rules and regulations prescribed by the Finance Board, or upon such terms and conditions as the Finance Board approves; and

WHEREAS, neither the Finance Board, nor any of its predecessors, has prescribed rules, regulations, or the terms and conditions, under which such debt issuances are authorized; and

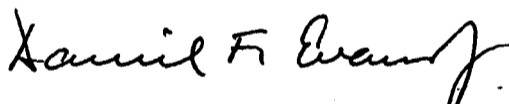
WHEREAS, the Federal Home Loan Bank of San Francisco on April 2, 1992 and July 13, 1992, assumed promissory notes issued by, respectively, the FHLBanks of Seattle and Atlanta, in favor of World Savings and Loan Association ("World"), without first soliciting and receiving Finance Board authorization; and

WHEREAS, the Finance Board has reviewed the circumstances surrounding the FHLBank of San Francisco's assumption of said promissory notes and views such note assumptions to be violations of Section 11(a) of the Act;

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board hereby directs the FHLBank of San Francisco to, in future, seek Finance Board authorization before entering into any such obligations;

FURTHER RESOLVED, that the Finance Board hereby directs the FHLBank of San Francisco, by March 1, 1993, to show cause why it should not be required to unwind these still outstanding transactions.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., Chairman