

No: 93-119
Date: December 15, 1993

FEDERAL HOUSING FINANCE BOARD

Authority to Issue Federal Home Loan Bank
Consolidated Obligations

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

Whereas, Section 2B (b) of the Act 112 U.S.C. 1422b (b)] authorizes the Finance Board to delegate ministerial functions, including issuing COs, 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 System COs, and to approve the dates of issue, maturities, rates of interest, terms and conditions thereof, and the manner in which such COs shall be issued, subject to the provisions of 31 U.S.C. 9801 and the following conditions:

a. COs may be offered for sale only to the extent that Banks are committed to take the proceeds.

b. Not more than \$500 billion in COs may be offered during the period beginning with the date of this resolution and ending December 31, 1994.

c. COs offered for sale shall be restricted to debt with one or more of the following characteristics:

debt with a fixed rate in either coupon or discount form;

debt with a coupon rate that may vary based on the movement of one or more financial index, including transactions which multiply the effects of rate changes;

debt with principal that may be called or redeemed by the Bank, in whole or in part;

debt with principal that amortizes according to a predetermined schedule;

debt with principal that is subject to redemption, in whole or in part, based upon the movement of one or more financial index;

debt with outstanding principal that may vary over time based on the movement of one or more financial index;

debt denominated in any foreign currency with exchange rate risk relative to the U.S. Dollar that can be effectively hedged.

d. For consolidated obligations with interest payments or principal tied to one or more financial index:

the index must be publicly available and verifiable independent of underwriters or selling group members;

the index must be recognized by the International Swaps and Derivatives Association (formally named the International Swap Dealers Association); and

if the index pertains to a foreign country, that country must be assigned a Country Risk Rating not lower than II by Thomson Bankwatch as of the CO trade date.

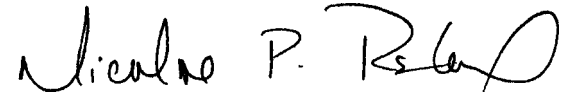
2. The OF shall ensure that: (a) COs are not issued which would cause the ratio of System unsecured senior liabilities to capital to exceed 20:1; and (b) the 12:1 leverage covenant with prior bondholders is maintained according to the provisions of Finance Board Resolution 92-751. (For those purposes, the levels of System capital stock, retained earnings, COs, deposits, and other unsecured senior liabilities shall be counted as of the CO trade date.)

3. The Chairman of the OF Board, or in the absence of the Chairman, the Vice Chairman, with the concurrence of the Managing Director of the Finance Board, or his designee, may authorize the structural limitations set forth herein to be exceeded, provided that the Chair or the Vice Chair report the nature and magnitudes of the exceptions and their justifications immediately to the Finance Board.

4. The OF Board will submit to the Finance Board a formal request for authorization to issue COs for the calendar year 1995 no later than December 31, 1994.

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

By the Federal Housing Finance Board

A handwritten signature in black ink, reading "Nicolas P. Retsinas". The signature is written in a cursive style with a large, stylized initial "N".

Nicolas P. Retsinas