

**FEDERAL HOUSING FINANCE BOARD**

WHEREAS, the Federal Home Loan Banks, in accordance with section 16 (a) of the Bank Act, as amended by section 724 (a) of FIRREA have submitted their fourth quarter 1989 dividend proposals to the Board for approval; and

WHEREAS, the Board, in reviewing the Banks' dividend proposals took into consideration: 1) each Bank's historical and current earnings; 2) the maximum amount of each Bank's funding commitment to FICO and the REFCORP and the likelihood that it could become "deficient"; 3) each Bank's estimated purchases of REPCORP stock on behalf of "deficient" Banks; 4) each Bank's Affordable Housing commitment; and 5) the impact of each Bank's dividend on current and potential membership; and

WHEREAS, the Board, while determining to strive for a market rate of return to System shareholders, desires to ensure the ability of each Bank and the System as a whole to meet its future financial commitments to FICO, REFCORP, and Affordable Housing;

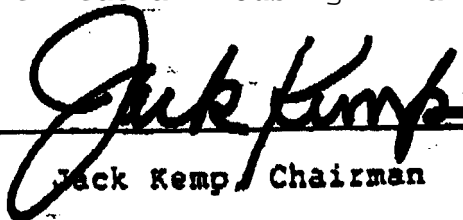
NOW, THEREFORE, BE IT RESOLVED, that the Board, in accordance with the attached schedule, approves the Banks' fourth quarter dividend proposals to the extent that each Bank is authorized to pay an annualized fourth quarter dividend rate not to exceed 100 basis points over the average Fed funds rate for the period of 8.6 percent, except that in the case of those Banks who are now, or who are projected by the end of the first quarter 1990 to be "deficient" (namely, San Francisco, Atlanta, Chicago, and Cincinnati), the maximum annualized fourth quarter rate shall not exceed 50 basis points above the average Fed funds rate for the period.

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By the Federal Housing Finance Board

  
Jack Kemp, Chairman