
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Terminates Cease and Desist Order on Federal Home Loan Bank of Chicago

Washington, DC – The Federal Housing Finance Agency (FHFA) has terminated all remaining provisions of the consent cease and desist order applicable to the Federal Home Loan Bank of Chicago (FHLBank). The order was terminated because of improvements in the FHLBank’s financial condition and capital position, resolution of risk management concerns, and consideration of specific commitments and assurances made by the FHLBank’s board of directors to FHFA. In particular, the board has committed to limiting dividends and to maintaining retained earnings at least at the level of the previous year-end. The FHLBank has also committed to reduce excess stock so long as certain financial thresholds are maintained.

“The Chicago FHLBank’s improvements in earnings, capitalization, and risk management coupled with its conversion to a new capital structure represent significant achievements in the bank’s recovery,” said FHFA Acting Director Edward J. DeMarco. “The bank has satisfied the requirements of the order and has committed to focus its business activities on advances to members.”

The order was put in place on October 10, 2007, by the Federal Housing Finance Board, a predecessor agency to FHFA. Among other things, the order required improvements to risk management policies and practices at the FHLBank of Chicago and prohibited the FHLBank from buying back stock of its members and former members or paying dividends without FHFA’s approval.

The FHLBank previously satisfied certain provisions of the order by submitting new market risk management policies and successfully completing the capital stock conversion mandated by the Gramm-Leach-Bliley Act on January 1, 2012.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.