



June 28, 2002

President
Federal Home Loan Bank of

NO-ACTION LETTER: Documents and Other Records Lost in Connection with the Federal Home Loan Bank Headquarters' Destruction on September 11, 2001 (2002-NAL-04)

Dear Mr. :

This responds to the letter dated April 25, 2002, from the Federal Home Loan Bank (Bank) requesting a No-Action Letter regarding the Bank's failure to comply with various regulatory record keeping requirements due to the loss of records when the Bank's headquarters was destroyed on September 11, 2001.

In its request, the Bank states that it has undertaken a thorough review to determine what records were destroyed, what records are needed to enable the Bank to continue to operate in a safe and sound manner, the risk presented to the Bank by the loss of various original records, and what records can be replaced or reconstructed. The Bank's request also states that the Bank has sought to replace or reconstruct lost records by obtaining copies from electronic files, Bank members and other entities. Federal Housing Finance Board (Finance Board) staff also was advised in a May 7, 2002 telephone conversation with the Bank, that the Bank has taken steps to enhance record preservation procedures.

In light of the circumstances surrounding the records destruction and the subsequent actions taken by the Bank to recover and preserve records, Finance Board staff will not initiate or recommend to its Board of Directors supervisory action against the Bank for its failure to comply with record retention laws, regulations and policies applicable to the records identified in section 4 of the bank's request, as a result of the destruction of such records on September 11, 2001.

The position expressed herein is dependent on the facts, circumstances and assurances represented to Finance Board staff in the Bank's request and other, related communications with the Bank. Any material change in such facts, circumstances or assurances could nullify or require a modification of this position. In this regard, we understand from the request and other communications that the Bank will continue its efforts to obtain replacements for all records the absence of which the Bank views as posing a medium or high risk to the Bank's continued safe and sound operation.

This No-Action Letter expresses the position of Finance Board staff only and may be modified or superseded by the Board of Directors of the Finance Board. If you have any questions, please contact the Director of the Office of Supervision.

Sincerely,

/s/ James L. Bothwell
James L. Bothwell
Managing Director