



No.: **1999-58**  
Date: **November 22, 1999**

FEDERAL HOUSING FINANCE BOARD

Waiver of the Leverage Limitations of Resolution Number 1999-33  
for Year 2000 Liquidity Purposes

WHEREAS, depositor behavior in anticipation of potential Year 2000 disruptions may affect the liquidity of depository institutions, and, as a consequence, Federal Home Loan Banks (FHLBanks) may experience increased demand for funds late in 1999;

WHEREAS, potential Year 2000 disruptions may cause investors to seek extremely liquid assets late in 1999, and, as a consequence, the FHLBanks may experience difficulty selling consolidated obligations during this period;

WHEREAS, the Federal Housing Finance Board's (Finance Board) Financial Management Policy (FMP) (Resolution Number 1996-45, dated July 3, 1996) and the debt authorization for the Office of Finance (Resolution Number 1998-59, dated December 2, 1998) limit the amount of consolidated obligations each FHLBank may have outstanding to 20 times capital, and section 910.1(b) of the Finance Board regulations, 12 C.F.R. § 910.1(b), similarly limits the aggregate amount of senior bonds the Federal Home Loan Bank System (Bank System) may have outstanding to 20 times capital;

WHEREAS, the Finance Board determined that temporary relief from current leverage limits was necessary to enhance the Bank System's Year 2000 preparedness by allowing the FHLBanks to provide additional Year 2000-related credit to members and to warehouse liquid assets in anticipation of funding Year 2000-related advances.

WHEREAS, the Finance Board acted to provide temporary relief through passage of Resolution Number 1999-33, which raised the limit on the amount of consolidated obligations each FHLBank may have outstanding to 25 times capital through June 30, 2000, provided that non-mortgage investments may not be above 12 percent of outstanding consolidated obligations;

WHEREAS, under section 902.6 of the Finance Board regulations, 12 C.F.R. § 902.6, any party may request a waiver of a provision, restriction or requirement of the Finance Board regulations not otherwise required by law if such waiver is not inconsistent with the law, does not adversely affect any substantive existing right, and the Finance Board finds, *inter alia*, that the application of the restriction would adversely affect achievement of the purposes of the Bank Act, or upon a showing of good cause;

WHEREAS, the Federal Home Loan Bank of San Francisco has requested a waiver to enable it to better meet Year-2000 related liquidity concerns by having a leverage limit up to 22.5 to 1 coupled with non-mortgage investments up to 14 percent of consolidated obligations (compared to 25 to 1 and 12 percent allowed by Resolution Number 1999-33);

WHEREAS, the Federal Home Loan Bank of San Francisco has a higher percentage of its balance sheet dedicated to advances than any other FHLBank and seeks, for Year 2000-liquidity purposes, to increase its ratio of non-mortgage investments to capital to the average ratio of other FHLBanks, which may cause its non-mortgage investments as a percentage of consolidated obligations to exceed 12 percent;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors of the Finance Board hereby waives, through February 29, 2000, the applicability of Resolution Number 1999-33 to the Federal Home Loan Bank of San Francisco.

IT IS FURTHER RESOLVED that through February 29, 2000, the Federal Home Loan Bank of San Francisco may increase its consolidated obligations and senior unsecured liability leverage ratio up to 22.5 to 1 and its net non-mortgage investments up to 14 percent of outstanding consolidated obligations. For purposes of applying this standard, non-mortgage investments shall be defined as total investments minus mortgage-backed securities, pilot program assets, binding commitments for advances, member deposits, and member capital in the FHLBank.

By the Board of Directors of the  
Federal Housing Finance Board

*/s/ Bruce A. Morrison*

Bruce A. Morrison  
Chairman