



December 7, 1999

President  
Federal Home Loan Bank

NO ACTION LETTER: Liquidity and Resolution Number 1999-33 (1999-NAL-05)

Dear Mr. :

We have received your letter of November 19, 1999 requesting a no-action letter and amending your previous request of September 20, 1999 for a waiver of Resolution Number 1999-33, dated May 28, 1999.

Statement of Facts

Resolution Number 1999-33 allows a Federal Home Loan Bank (FHLBank) to have leverage up to 25 to 1 if that FHLBank's "non-mortgage investments" (defined as total investments less mortgage-backed securities, pilot program assets, member deposits, capital, and binding commitments for advances) do not exceed 12 percent of consolidated obligations. Your request for regulatory relief arises from the need of your FHLBank to warehouse significant Year 2000 related liquidity in light of advance demand, its holdings of agency securities, and its recent purchases of mortgage-backed securities.

Conclusions

Given the high priority the Finance Board places on Year 2000 readiness, the Finance Board will take no supervisory action through February 29, 2000, if, for the purposes of compliance with the waiver set forth in Resolution Number 1999-33, the FHLBank excludes an amount equal to 200 percent of repurchase agreements with terms extending beyond January 9, 2000, from that Resolution's definition of "non-mortgage investments."

If you have any questions, please immediately contact Mitchell Berns at 202-408-2562.

Sincerely,

*/s/ William W. Ginsberg*

William W. Ginsberg  
Managing Director

cc: Mitchell Berns  
James L. Bothwell  
Joseph A. McKenzie