



Federal Housing Finance Board

1777 F Street, N.W., Washington, D.C. 20006
Telephone: (202) 408-2500 Facsimile: (202) 408-1435

February 25, 1998

[REDACTED]
[REDACTED]
Federal Home Loan Bank of [REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]

This responds to your January 21, 1998, letter requesting a "no action" letter in regard to the statutory Federal Home Loan Bank (FHLBank) stock purchase requirement by [REDACTED]. [REDACTED] has declined to purchase required additional capital stock on the basis of its pending withdrawal from membership and its lack of use of any services provided by the FHLBank of [REDACTED].

The Federal Housing Finance Board (Finance Board) received [REDACTED] request to withdraw from FHLBank membership on December 1, 1997. The Federal Home Loan Bank Act (Bank Act) and the Finance Board's membership regulation require a six-month waiting period for membership withdrawal and capital stock redemption. Therefore, [REDACTED] effective date of withdrawal is June 1, 1998.

The Bank Act requires each FHLBank to calculate annually each member's required minimum holding of capital stock and requires each member to purchase and maintain its minimum capital stock requirement. On November 18, 1997, [REDACTED] [REDACTED] [REDACTED] [REDACTED] indicated an amount of [REDACTED] in additional capital stock was required for [REDACTED] to meet its minimum stock requirement. With a stock dividend payment occurring in the interim, the minimum stock shortfall is presumed to have decreased.

There are no exceptions to the capital stock requirements in the statutory or regulatory provisions governing a member's withdrawal from the FHLBank System. However, given the circumstances of this case, the Finance Board staff will not recommend or take supervisory action against the FHLBank for failure to pursue the required capital stock purchase.

Sincerely,

William W. Ginsberg
Managing Director

cc: [REDACTED]

Bruce A. Morrison
Lawrence U. Costiglio
J. Timothy O'Neill
Mitchell Berns