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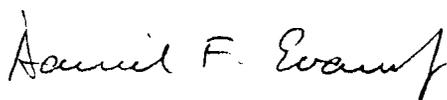
FEDERAL HOUSING FINANCE BOARD

Membership Application Policy

WHEREAS, pursuant to section 4 of the Federal Home Loan Bank Act, 12 U.S.C.A. § 1424 (West Supp. 1990), the Federal Housing Finance Board ("Finance Board") has the authority to approve applications for membership in the Federal Home Loan Bank System; and

THEREFORE RESOLVED, that the Finance Board hereby establishes the attached Membership Application Policy (See "Exhibit A") to set forth the criteria and standards by which the Finance Board shall review and approve applications for membership from eligible financial institutions in the Federal Home Loan Bank System.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., Chairman

EXHIBIT A

FEDERAL HOME LOAN BANK SYSTEM  
MEMBERSHIP APPLICATION POLICY

This policy sets forth the criteria and standards by which the Federal Housing Finance Board ("Finance Board") shall review and approve applications for membership from eligible financial institutions ("Applicants") in the Federal Home Loan Bank System ("Bank System").

Each Federal Home Loan Bank ("FHLBank"; shall evaluate and forward all applications for Bank System membership to the Finance Board along with recommended action for approval or denial. A FHLBank's recommendation shall include a certification by the FHLBank president or his designee that the FHLBank has conducted a diligent review of relevant facts and financial information, and that membership is in compliance with the statute, this policy, and procedures. The recommendation shall also include a certification by the FHLBank's legal counsel that the applicant meets the statutory requirements.

I. Statutory Eligibility Criteria

The statutory eligibility criteria for membership in the Bank System have been established in Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). In general, any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, savings bank, or any insured depository institution is eligible to become a member of a FHLBank if such institution:

1. is duly organized under the laws of any State or of the United States;
2. is subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States;
3. makes long-term home mortgage loans;
4. has at least 10 percent of its total assets in residential mortgage loans (applicable only to insured depository institutions that were not members on January 1, 1989);
5. is in a financial condition such that advances may be safely made; and
6. has character of management and a home financing policy that are consistent with sound and economical home financing.

11. Finance Board Review Standards

After compliance with the first four statutory eligibility criteria, the following standards shall be used to determine an Applicant's compliance with the fifth and sixth statutory eligibility criteria.

1. The Applicant's CAMEL or equivalent regulatory rating, if applicable;
2. The Applicant's compliance with the Community Reinvestment Act ("CRA"), if applicable;
3. The Applicant's capital strength;
4. The Applicant's earnings;
5. The existence of any supervisory agreement;
6. The Applicant's independent or directors' audit report;
7. The evaluation of recent performance trends; and
8. The existence of relevant criminal, civil or administrative proceedings against designated officials.

III. Membership Application Procedures

The Finance Board shall, from time to time, issue Membership Application Procedures that will establish the methodology by which membership applications shall be processed and the specific review standards by which Applicants shall be evaluated pursuant to this policy.

IV. Policy Compliance

The Finance Board's Office of Examination shall conduct reviews of the applications and procedures of each FHLBank to ensure compliance with this policy.

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