



No.: **2002-32**
Date: **June 12, 2002**

FEDERAL HOUSING FINANCE BOARD

Capital Structure Plan of the Federal Home Loan Bank of Dallas

WHEREAS, the Gramm-Leach-Bliley Act (GLB Act) amended section 6 of the Federal Home Loan Bank Act (Bank Act) in order to enhance the safety and soundness of the Federal Home Loan Bank (Bank) System by replacing the existing subscription capital structure with a permanent capital structure that includes risk-based and leverage capital requirements; and

WHEREAS, the Federal Housing Finance Board (Finance Board) has adopted regulations to implement the capital provisions of the GLB Act, which regulations have established the risk-based and leverage capital requirements for the Banks, as well as the requirements for the capital structure of each Bank; and

WHEREAS, section 6(b) of the Bank Act and the implementing regulations of the Finance Board, 12 C.F.R. § 933.1(a), require the board of directors of each Bank to develop and submit for Finance Board approval a plan to establish and implement a new capital structure for such Bank; and

WHEREAS, the board of directors of the Federal Home Loan Bank of Dallas (Dallas Bank) has submitted to the Finance Board a capital structure plan for the Dallas Bank dated May 30, 2002 (Dallas Capital Plan or Plan); and

WHEREAS, Finance Board regulations preclude a Bank from implementing its capital plan until the Finance Board has approved the capital plan, as well as the internal market risk model or the internal cash flow model that the Bank intends to use to calculate the market risk component of the Bank's risk-based capital requirement, and the risk assessment procedures and controls to be used to manage its credit, market, and operation risks, 12 C.F.R. §§ 932.1 and 933.1(a); and

WHEREAS, the Board of Directors has considered the Dallas Capital Plan, its supporting materials, as well as a memorandum from the Office of Policy, Research and Analysis, and the Office of General Counsel that analyzed the Plan and recommends its approval; and

WHEREAS, the Board of Directors has determined that the Dallas Capital Plan meets all statutory and regulatory requirements regarding capital structure, and does not compromise the safety and soundness of the Dallas Bank or of the Bank System;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors hereby approves the Dallas Capital Plan, pursuant to sections 2B(a)(1) and 6(b) of the Bank Act, 12 U.S.C. §§ 1422b(a)(1) and 1426(b) and 12 C.F.R. § 933.1(c), subject to the terms of this resolution;

IT IS FURTHER RESOLVED that the Dallas Bank's internal market risk model and its risk assessment procedures and controls will be approved pursuant to 12 C.F.R. § 932.1, subject to the right of the Board of Directors to review the approval, in accordance with 12 C.F.R. § 907.7;

IT IS FURTHER RESOLVED that prior to implementing the Dallas Capital Plan, the Dallas Bank shall submit to the Finance Board written confirmation from the independent certified public accountant and the credit ratings organization that have reviewed the initial version of the Dallas Capital Plan in accordance with 12 C.F.R. § 933.3, that they have reviewed the final version of the Dallas Capital Plan and reaffirm their prior determinations that the implementation of the Plan will not cause the Dallas Bank to write down the value of its capital stock nor will it affect the credit rating of the Bank;

IT IS FURTHER RESOLVED that in the event that the board of directors of the Dallas Bank exercises its authority under Sections 4.1, 4.2.1, or 4.2.2 of the Plan to revise the applicable percentage of any stock purchase requirement, or its authority under Section 3.3.2 of the Plan to modify the redemption cancellation fee, then the Dallas Bank shall promptly notify the Finance Board of such changes.

By the Board of Directors of the
Federal Housing Finance Board

/s/ John T. Korsmo

John T. Korsmo
Chairman