

Federal Housing Finance Board

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August 3, 2007

Mr. Richard M. Riccobono President and Chief Executive Officer Federal Home Loan Bank of Seattle 1501 Fourth Avenue, Suite 1800 Seattle, Washington 98101-1693

NO-ACTION LETTER: <u>Federal Home Loan Bank of Seattle: Waiver of Advance</u> <u>Prepayment Fee –</u> (2007-NAL-01)

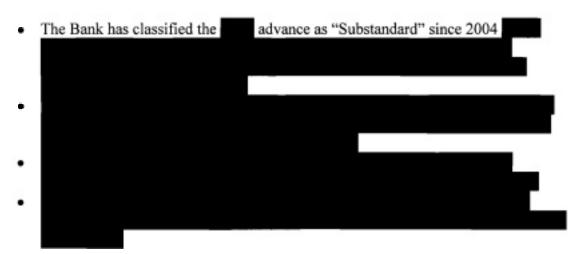
Dear Mr. Riccobono:

I am responding to your June 4, 2007 request for a No-Action Letter, pursuant to 12 C.F.R. §§ 907.4 and 907.6 of the Federal Housing Finance Board (Finance Board) regulations. Specifically, the Federal Home Loan Bank of Seattle (Seattle Bank) requests **no action relief** to **waive the prepayment fee** if agrees to prepay the advance outstanding from the Seattle Bank.

We have reviewed the materials you submitted in support of your waiver request. We have discussed with your staff

. The facts and

considerations that you and your staff have presented in support of your request include:



In light of the facts and considerations presented in support of your request and the *de minimis* size of the economic loss that the Bank would incur, the Office of Supervision would not recommend supervisory action be taken against the Seattle Bank for waiving the prepayment fee on the prepayment in noncompliance with the requirement in 12 **C.F.R.§** 950.6(b)(3). That regulation states that the prepayment fee on an advance may be waived only if the waiver will not result in an economic loss to the Bank. This No Action Letter applies solely to the Bank's waiver of the prepayment fee associated with prepayment, in full, of the prepayment fee associated with

This No-Action Letter expresses only the position of the staff of the Finance Board's Office of Supervision. We based this decision on the Bank's representations, and any change in the facts or circumstances **from** those represented by the Bank may warrant a staff recommendation that the Finance Board take supervisory action against the Bank. The staff recommendation, moreover, may be modified or superseded by actions taken by the Board of Directors of the Finance Board.

If you have any questions, please contact Michael J. Powers, Portfolio Manager, Office of Supervision, at 202-408-2534.

Sincerely,

Stephen M. Cross Director Office of Supervision

ce: Neil R. Crowley Michael J. Powers