

No.: 97-73
Date: November 20, 1997

FEDERAL HOUSING FINANCE BOARD

Federal Home Loan Bank of Boston Deposit
in Community Development Financial Institution

WHEREAS, the Federal Home Loan Bank (FHLBank) of Boston desires to place a six month deposit, not to exceed \$100,000 in principal and accrued interest, with the Boston Bank of Commerce, a minority-owned member of the FHLBank of Boston that is a federally-chartered, FDIC-insured depository institution certified by the Community Development Financial Institutions Fund (CDFIF) as a Community Development Financial Institution (CDFI), see 12 U.S.C. §§ 4701-18; 12 C.F.R. §§ 1805.200, .201, .701; and

WHEREAS, section 934.1 of the regulations of the Federal Housing Finance Board (Finance Board), 12 C.F.R. § 934.1, permits FHLBanks to acquire or dispose of investments with prior approval of the Finance Board, or in conformity with authorizations of the Finance Board or stated Finance Board policy; and

WHEREAS, the FHLBank System Financial Management Policy (FMP), see Res. 96-45 (July 3, 1996), which, among other things, states Finance Board policy regarding pre-approved FHLBank investments, authorizes FHLBanks to place with "eligible financial institutions" U.S. dollar deposits having a remaining term to maturity not exceeding nine (9) months, see FMP § II(B)(3); and

WHEREAS, because the Boston Bank of Commerce does not qualify as an "eligible financial institution" under the FMP, see FMP § II(B) fn. 1, the FHLBank's proposed deposit is not a pre-authorized investment under FMP and, therefore, must be authorized specifically by the Finance Board before being undertaken; and

WHEREAS, section 11(g) of the Federal Home Loan Bank Act, 12 U.S.C. § 1431(g), permits FHLBanks to invest their liquidity reserves in "deposits in banks or trust companies," and, by regulation, the Finance Board has defined the term "bank or trust companies" to include FDIC-insured depository institutions designated by a FHLBank's board of directors, see 12 C.F.R. § 934.4; and

WHEREAS, the Boston Bank of Commerce, as a CDFI, has a community development mission commensurate with that of the FHLBank System, yet has limited eligible collateral to draw down advance funds; and

WHEREAS, deposits in the Boston Bank of Commerce are fully insured by the FDIC for amounts up to \$100,000;

NOW THEREFORE BE IT RESOLVED THAT, the Finance Board hereby authorizes the FHLBank of Boston to make deposits of a remaining term to maturity of nine (9) months or less in the Boston Bank of Commerce in a total amount not to exceed \$100,000 in principal and accrued interest, on the condition that such deposits are authorized in advance by the FHLBank's board of directors.

By the Board of Directors of the
Federal Housing Finance Board

A handwritten signature in black ink, appearing to read "B. A. Morrison". The signature is written in a cursive style with a large initial "B" and "M".

Bruce A. Morrison, Chairman