



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: Federal Home Loan Bank of Seattle: Waiver of Advance
Prepayment Fee – [REDACTED]
(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 [REDACTED] agrees to prepay the [REDACTED] 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 [REDACTED]. The facts and considerations that you and your staff have presented in support of your request include:

- The Bank has classified the [REDACTED] advance as "Substandard" since 2004 [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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 [REDACTED] advance 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 [REDACTED] advance identified in the Bank's June 4, 2007 request.

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 The staff recommendation, moreover, may be modified or superseded by actions taken by the Board of Directors of the Finance Board.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

cc: Neil R. Crowley
Michael J. Powers