

No. : 91-166

Date: May 28, 1991

FEDERAL HOUSING FINANCE BOARD

Recommend That Oversight Board Adopt Calendar Year Interpretation
of REFCorp Interest Shortfall Calculation

WHEREAS, there have been differing interpretations of the term "prior year" as used in section 21b(f)(2)(C)(ii) of the Federal Home Loan Bank Act, as amended, 12 U.S.C.A. § 1441b(f)(2)(C)(ii) (West Supp. 1990) (Bank Act), to allocate any shortfall among the Federal Home Loan Banks (FHLBanks) in the FHLBanks' obligation to contribute to the interest on the obligations of the Resolution' Funding Corporation (REFCorp);

WHEREAS, the Oversight Board of the Resolution Trust Corporation (Oversight Board) has requested guidance from the Federal Housing Finance Board (Finance Board) on the appropriate interpretation; and

WHEREAS, the Finance Board has an interest in equitable allocation among the FHLBanks of the FHLBank System's portion of the cost of the REFCorp.

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board recommends that the Oversight Board adopt an interpretation of "prior year" that will allocate any amount owed by the FHLBanks in excess of twenty percent of the aggregate net earnings of the FHLBanks based on a calendar year interpretation of the formula provided in section 21b(f)(2)(C)(ii) of the Bank Act.

By the Federal Housing Finance Board



Daniel F. Evans, Jr., Chairman