



NEWS

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FHFB APPROVES CAPITAL PLAN AMENDMENTS

The Federal Housing Finance Board today approved amendments to the capital structure plans for the Federal Home Loan Bank of Boston and the Federal Home Loan Bank of San Francisco.

The changes mirror provisions found in other Federal Home Loan Bank capital plans previously approved by the Finance Board. The amendments also contained clarifying language.

The Boston Bank's capital structure plan, originally approved on May 8, 2002, was amended to:

- Reduce the required notice, or "opt out," period for member financial institutions choosing to withdraw before the plan's effective date;
- Change the approach to the repurchase of excess stock at conversion and provide flexibility for members; and
- Allow the Bank to hold general stock offerings.

The capital structure plan for the Federal Home Loan Bank of San Francisco, approved June 12, 2002, was amended to:

- Reduce the required notice, or "opt out," period for member financial institutions choosing to withdraw before the plan's effective date;
- Reduce the mortgage asset component of the initial activity-based stock purchase requirement;
- Establish an initial cap of \$25 million per member on the membership stock purchase requirement; and
- Give the Bank's board of direction discretion to change the cap within a range of \$10 million to \$50 million.

The Gramm-Leach-Bliley Act of 1999 included provisions to strengthen the safety and soundness of the Federal Home Loan Banks by replacing their existing subscription capital structure with a permanent capital structure that includes risk-based and leverage capital requirements.

The Federal Housing Finance Board has approved new capital plans for all 12 Federal Home Loan Banks, and five Banks have already implemented them.

Also Wednesday, the Federal Housing Finance Board approved a restated organization certificate requested by the Federal Home Loan Bank of New York. The certificate reflects the Bank's new capital

structure.

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