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FHFB ESTABLISHES SCHEDULE FOR CONSIDERATION OF FHLBANK CAPITAL STRUCTURE PLANS

The Federal Housing Finance Board today established a clear timetable for the consideration of Federal Home Loan Bank capital structure plans submitted for the Board's approval. The Board will consider individual plans at its March 13, May 8, June 12, and July 10 meetings.

As required by the Gramm-Leach-Bliley Act (GLB), all of the FHLBanks submitted proposed capital structure plans to the Finance Board by October 29, 2001. The FHLBanks worked with Finance Board staff to explore issues of concern and many submitted draft plans in order to obtain early feedback and technical assistance.

"Facilitating the FHLBanks' transition from a subscription capital regime to a new risk-based structure is a high priority of the Finance Board," said Chairman John T. Korsmo. "Now that the FHLBanks have done their part by submitting their plans in a timely manner, the Finance Board will move aggressively to expedite the approval process. This is a significant undertaking -- a \$30 billion-plus recapitalization of the System -- and I will ensure that the Board reviews each individual plan thoroughly and deliberately before making a final decision."

At its March 13 meeting, the Finance Board will consider the FHLBank of Seattle's capital plan. After that, the Board will consider plans as follows: May 8, FHLBanks of Atlanta, Boston and Pittsburgh; June 12, FHLBanks of Chicago, Cincinnati, Dallas and San Francisco, and July 10, FHLBanks of Des Moines, Indianapolis, New York and Topeka.

The Finance Board's staff is currently reviewing the capital plans for compliance with all applicable statutory and regulatory requirements. The staff is also working with the FHLBanks on remaining issues such as the range of common features that need to be included in each plan to preserve the System's cooperative nature. The resolution passed by the Board today notes that each FHLBank must obtain Finance Board approval of its internal risk model and risk assessment procedures and controls prior to implementing its capital plan.

The Finance Board expects that the FHLBanks will be able to implement their new capital plans

individually, rather than all at once, without affecting the FHLBanks' access to the capital markets. The Board estimates that implementation of the plans will be completed in less than the three-year time frame mandated by GLB.

The Board also approved today a final rule that establishes explicit procedures for implementing enhanced administrative enforcement powers granted by GLB, giving the Finance Board enforcement authorities similar to other federal banking agencies and the Office of Federal Housing Enterprise Oversight (OFHEO). When the final rule is published, the Finance Board will have implemented all of the FHLBank System provisions of GLB, aside from the ongoing capital restructuring process.

GLB augmented the Finance Board's broad authority to supervise the FHLBanks and issue and enforce regulations and orders under the Federal Home Loan Bank Act by adding specific powers, procedures and authorities. These added enforcement powers include: explicit authority to issue cease and desist orders, issue temporary cease and desist orders, assess civil money penalties and subpoena power.

Text of the resolution is [attached](#).