



# NEWS

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## FHFB APPROVES A PROPOSED RULE TO STRENGTHEN THE CAPITAL STRUCTURE OF THE FEDERAL HOME LOAN BANKS

Today the Federal Housing Finance Board voted to approve a proposed rule intended to strengthen the capital structure of the FHLBanks by requiring a minimum level of retained earnings and restricting the amount of excess stock that an FHLBank can accumulate.

Under today's proposal, the Finance Board would restrict the amount of dividends that an FHLBank could pay whenever the FHLBank is not in compliance with the minimum retained earnings requirements and would prohibit the Banks from issuing dividends in the form of stock.

"The Federal Home Loan Banks have grown in size, complexity, and inherent risk. My goal is to ensure that the Banks remain safe and sound, appropriately capitalized, and able to raise funds in the capital markets," Chairman Ronald Rosenfeld said. "The proposal today is an important step towards fulfilling that goal."

"The Federal Home Loan Banks are important participants in providing America with the best housing finance system in the world. We intend to do everything that we can to have the Banks continue their important role," he said.

Over the past several years, the Finance Board has taken steps – including formal enforcement actions against two Banks – to ensure that the Banks meet the challenge brought on by their engagement in activities that increase their exposure to risk.

The [proposed rule](#) will be published in the Federal Register and will be open for public comment for 120 days following publication.

*The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>*