



# NEWS

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## **Federal Housing Finance Board Approves An Amendment To The Capital Structure Plan of The Federal Home Loan Bank of New York**

The Board of Directors of the Federal Housing Finance Board (Finance Board) today [approved](#) a request by the Federal Home Loan Bank of New York (Bank) to amend its previously approved capital structure plan (Plan).

The proposed amendments deal principally with how the Bank may recalculate the membership stock purchase requirement for a member of the Bank that merges into a nonmember and, in doing so, ceases to exist as a separate corporate entity. Consistent with guidance issued by the Finance Board when it promulgated the risk-based capital rules several years ago, the amendments would allow the Bank to recalculate the membership stock purchase requirement any time after 30 days subsequent to the merger. The amendments also would expressly permit the Bank to use a zero mortgage asset base in performing the calculation, which recognizes the fact that the corporate entity that was once its member no longer exists. As a result of these amendments, the Bank could determine that all of the membership stock formerly held by the member becomes “excess stock” – *i.e.*, stock that is beyond the amount required for membership – which would give the Bank the discretion, but not the obligation, to repurchase that stock prior to the expiration of the five year notice period. The amendments clarify similar language in the Bank’s existing capital plan, and are similar to provisions that the Finance Board has approved for the capital plans of other FHLBanks.

*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>*

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