

such loans). No institution shall be eligible to become a member of, or a nonmember borrower of, a Federal Home Loan Bank if, in the judgment of the board, its financial condition is such that advances may not safely be made to such institution or the character of its management or its home-financing policy is inconsistent with sound and economical home financing, or with the purposes of this chapter."

Subsec. (b). Pub. L. 101-73, §710(b)(1), struck out "or a nonmember borrower" after "eligible to become a member".

Pub. L. 101-73, §701(b)(1), (3)(A), substituted "Board" for "board".

Subsec. (c). Pub. L. 101-73, §701(b)(1), (3)(A), substituted "Board" for "board".

1933—Subsec. (d). Act June 13, 1933, struck out subsec. (d) which provided for direct loans to homeowners. See chapter 12 (§1461 et seq.) of this title.

**§§ 1425 to 1425b. Repealed. Pub. L. 101-73, title VII, §§ 705, 716, 720, Aug. 9, 1989, 103 Stat. 416, 421, 423**

Section 1425, acts July 22, 1932, ch. 522, §5, 47 Stat. 727; Dec. 24, 1969, Pub. L. 91-152, title IV, §416(a), 83 Stat. 401, related to limitation on lawful contract rate of interest receivable by members and nonmember borrowers, and applicability to home mortgage loans on single-family dwellings.

Section 1425a, act July 22, 1932, ch. 522, §5A, as added June 27, 1950, ch. 369, §1, 64 Stat. 256; amended Aug. 11, 1955, ch. 783, title I, §109(a)(3), 69 Stat. 640; Sept. 21, 1968, Pub. L. 90-505, §4, 82 Stat. 856; Mar. 31, 1980, Pub. L. 96-221, title I, §104(b), title IV, §405, 94 Stat. 139, 158; Oct. 8, 1980, Pub. L. 96-399, title III, §325(a), 94 Stat. 1648; Oct. 15, 1982, Pub. L. 97-320, title III, §332, 96 Stat. 1504; Oct. 17, 1984, Pub. L. 98-479, title II, §207, 98 Stat. 2235, related to liquidity requirements for savings and loan associations and other members.

Section 1425b, act July 22, 1932, ch. 522, §5B, as added Sept. 21, 1966, Pub. L. 89-597, §4, 80 Stat. 824; amended Sept. 21, 1968, Pub. L. 90-505, §2(c), 82 Stat. 856; Dec. 23, 1969, Pub. L. 91-151, §2(b), 83 Stat. 372; Oct. 29, 1974, Pub. L. 93-501, title I, §103, title III, §303, 88 Stat. 1558, 1560; Nov. 5, 1979, Pub. L. 96-104, title II, §203, 93 Stat. 793; Dec. 28, 1979, Pub. L. 96-161, title II, §210, 93 Stat. 1239; Mar. 31, 1980, Pub. L. 96-221, title II, §207(b)(7)-(9), title V, §529, 94 Stat. 144, 168, related to rate of interest payable on deposits, shares or withdrawable accounts by members, insured institutions and other nonmember financial institutions.

**§ 1426. Capital structure of Federal home loan banks**

**(a) Regulations**

**(1) Capital standards**

Not later than 18 months after November 12, 1999, the Director shall issue regulations prescribing uniform capital standards applicable to each Federal home loan bank, which shall require each such bank to meet—

(A) the leverage requirement specified in paragraph (2); and

(B) the risk-based capital requirements, in accordance with paragraph (3).

**(2) Leverage requirement**

**(A) In general**

The leverage requirement shall require each Federal home loan bank to maintain a minimum amount of total capital based on the total assets of the bank and shall be 5 percent.

**(B) Treatment of stock and retained earnings**

In determining compliance with the minimum leverage ratio established under sub-

paragraph (A), the paid-in value of the outstanding Class B stock and the amount of retained earnings shall be multiplied by 1.5, and such higher amounts shall be deemed to be capital for purposes of meeting the 5 percent minimum leverage ratio, except that a Federal home loan bank's total capital (determined without taking into account any such multiplier) shall not be less than 4 percent of the total assets of the bank.

**(3) Risk-based capital standards**

**(A) Risk-based capital standards**

The Director shall, by regulation, establish risk-based capital standards for the Federal Home Loan Banks to ensure that the Federal Home Loan Banks operate in a safe and sound manner, with sufficient permanent capital and reserves to support the risks that arise in the operations and management of the Federal Home Loans Banks.

**(B) Consideration of other risk-based standards**

In establishing the risk-based standard under subparagraph (A), the Director shall take due consideration of any risk-based capital test established pursuant to section 1361 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4611) for the enterprises (as defined in that Act [12 U.S.C. 4501 et seq.]), with such modifications as the Director determines to be appropriate to reflect differences in operations between the Federal home loan banks and those enterprises.

**(4) Other regulatory requirements**

The regulations issued by the Director under paragraph (1) shall—

(A) permit each Federal home loan bank to issue, with such rights, terms, and preferences, not inconsistent with this chapter and the regulations issued hereunder, as the board of directors of that bank may approve, any 1 or more of—

(i) Class A stock, which shall be redeemable in cash and at par 6 months following submission by a member of a written notice of its intent to redeem such shares; and

(ii) Class B stock, which shall be redeemable in cash and at par 5 years following submission by a member of a written notice of its intent to redeem such shares;

(B) provide that the stock of a Federal home loan bank may be issued to and held by only members of the bank, and that a bank may not issue any stock other than as provided in this section;

(C) prescribe the manner in which stock of a Federal home loan bank may be sold, transferred, redeemed, or repurchased; and

(D) provide the manner of disposition of outstanding stock held by, and the liquidation of any claims of the Federal home loan bank against, an institution that ceases to be a member of the bank, through merger or otherwise, or that provides notice of intention to withdraw from membership in the bank.