

term ‘State’ includes the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States.”

Par. (13). Pub. L. 106–102, §602(3), added par. (13).

1989—Pars. (1), (2). Pub. L. 101–73, §701(a)(1), added pars. (1) and (2) and struck out former pars. (1) and (2) which defined “board” and “Federal Home Loan Bank”.

Par. (4). Pub. L. 101–73, §701(a)(2), which directed amendment of par. (4) by striking out “(except when used in reference to the member of the Board)” after “‘member’”, was executed by striking out “(except when used in reference to a member of the board)” as the probable intent of Congress.

Par. (5). Pub. L. 101–73, §710(b)(1), struck out “or a nonmember borrower” after “member”.

Pars. (9) to (12). Pub. L. 101–73, §701(a)(3), added pars. (9) to (12) and struck out former par. (9) which read as follows: “The term ‘nonmember borrower’ includes an institution authorized to secure advances from a Federal Home Loan Bank under the provisions of subsection (e) of section 1426 of this title.”

1962—Subsec. (6). Pub. L. 87–779 substituted “upon which is located, or which comprises or includes, one or more homes or other dwelling units, all of which may be defined by the Board” for “upon which there is located a dwelling for not more than four families”.

1960—Subsec. (3). Pub. L. 86–624 struck out reference to Territory of Hawaii.

1959—Subsec. (3). Pub. L. 86–70 substituted “Territory of Hawaii” for “Territories of Alaska and Hawaii”.

1952—Subsec. (3). Act July 14, 1952, inserted “Guam,”.

1935—Subsec. (6). Act May 28, 1935, substituted “four families” for “three families”.

1934—Subsec. (6). Act June 27, 1934, struck out “first” before “mortgage” and inserted “or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed”.

**§§ 1422a, 1422b. Repealed. Pub. L. 110–289, div. A, title II, § 1204(1), July 30, 2008, 122 Stat. 2785**

Section 1422a, act July 22, 1932, ch. 522, §2A, as added Pub. L. 101–73, title VII, §702(a), Aug. 9, 1989, 103 Stat. 413; amended Pub. L. 102–550, title XIII, §1391, title XVI, §1608, Oct. 28, 1992, 106 Stat. 4009, 4089, established the Federal Housing Finance Board.

Section 1422b, act July 22, 1932, ch. 522, §2B, as added Pub. L. 101–73, title VII, §702(a), Aug. 9, 1989, 103 Stat. 414; amended Pub. L. 106–102, title VI, §606(e)(1), Nov. 12, 1999, 113 Stat. 1454, related to powers and duties of the Federal Housing Finance Board.

**§ 1423. Federal Home Loan Bank districts; number and boundaries; establishment of Federal Home Loan Banks; names**

**(a) In general**

As soon as practicable the Director shall divide the continental United States, Puerto Rico, the Virgin Islands, Guam, and the Territories of Alaska and Hawaii into not less than eight nor more than twelve districts. Such districts shall be apportioned with due regard to the convenience and customary course of business of the institutions eligible to and likely to subscribe for stock of a Federal Home Loan Bank to be formed under this chapter, but no such district shall contain a fractional part of any State. The districts thus created may be readjusted and new districts may from time to time be created by the Director, not to exceed twelve in all. Such districts shall be known as Federal Home Loan Bank districts and may be designated by number. As soon as practicable the Director shall establish, in each district, a Federal Home Loan Bank at such city as may be designated by

the Director. Its title shall include the name of the city at which it is established.

**(b) Authority to reduce districts**

Notwithstanding subsection (a), the number of districts may be reduced to a number less than 8—

(1) pursuant to a voluntary merger between Banks, as approved pursuant to section 1446(b) of this title; or

(2) pursuant to a decision by the Director to liquidate a Bank pursuant to section 4617 of this title.

(July 22, 1932, ch. 522, §3, 47 Stat. 726; July 14, 1952, ch. 723, §10(c), 66 Stat. 604; Pub. L. 101–73, title VII, §701(b)(1), (3)(A), Aug. 9, 1989, 103 Stat. 412; Pub. L. 110–289, div. A, title II, §§1204(8), 1210, July 30, 2008, 122 Stat. 2786, 2790.)

**Editorial Notes**

**AMENDMENTS**

2008—Pub. L. 110–289, §1210, designated existing provisions as subsec. (a), inserted heading, and added subsec. (b).

Pub. L. 110–289, §1204(8), substituted “the Director” for “the Board” wherever appearing.

1989—Pub. L. 101–73 substituted “Board” for “board” wherever appearing.

1952—Act July 14, 1952, inserted “Guam,” after “Virgin Islands,”.

**Executive Documents**

**ADMISSION OF ALASKA AND HAWAII TO STATEHOOD**

Alaska was admitted into the Union on Jan. 3, 1959, on issuance of Proc. No. 3269, Jan. 3, 1959, 24 F.R. 81, 73 Stat. c16, and Hawaii was admitted into the Union on Aug. 21, 1959, on issuance of Proc. No. 3309, Aug. 21, 1959, 24 F.R. 6868, 73 Stat. c74. For Alaska Statehood Law, see Pub. L. 85–508, July 7, 1958, 72 Stat. 339, set out as a note preceding section 21 of Title 48, Territories and Insular Possessions. For Hawaii Statehood Law, see Pub. L. 86–3, Mar. 18, 1959, 73 Stat. 4, set out as a note preceding section 491 of Title 48.

**§ 1424. Eligibility for membership**

**(a) Criteria for eligibility**

**(1) In general**

Any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, savings bank, community development financial institution, or any insured depository institution (as defined in section 1422 of this title), shall be eligible to become a member of a Federal Home Loan Bank if such institution—

(A) is duly organized under the laws of any State or of the United States;

(B) is subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States or, in the case of a community development financial institution, is certified as a community development financial institution under the Community Development Banking and Financial Institutions Act of 1994 [12 U.S.C. 4701 et seq.];<sup>1</sup> and

(C) makes such home mortgage loans as, in the judgment of the Director, are long-term

<sup>1</sup> So in original.

loans (except that in the case of a savings bank, this subparagraph applies only if, in the judgment of the Director, its time deposits, as defined in section 461 of this title, warrant its making such loans).

**(2) Qualified thrift lender**

An insured depository institution that is not a member on January 1, 1989, may become a member of a Federal Home Loan Bank only if—

(A) the insured depository institution (other than a community financial institution) has at least 10 percent of its total assets in residential mortgage loans;

(B) the insured depository institution's financial condition is such that advances may be safely made to such institution; and

(C) the character of its management and its home-financing policy are consistent with sound and economical home financing.

**(3) Certain institutions**

An insured depository institution commencing its initial business operations after January 1, 1989, may become a member of a Federal Home Loan Bank if it complies with regulations and orders prescribed by the Director for the 10 percent asset requirement (described in the<sup>2</sup> paragraph (2)) within one year after the commencement of its operations.

**(4) Limited exemption for community financial institutions**

A community financial institution that otherwise meets the requirements of paragraph (2) may become a member without regard to the percentage of its total assets that is represented by residential mortgage loans, as described in subparagraph (A) of paragraph (2).

**(5) Certain privately insured credit unions**

**(A) In general**

Subject to the requirements of subparagraph (B), a credit union shall be treated as an insured depository institution for purposes of determining the eligibility of such credit union for membership in a Federal home loan bank under paragraphs (1), (2), and (3).

**(B) Certification by appropriate supervisor**

**(i) In general**

For purposes of this paragraph and subject to clause (ii), a credit union which lacks Federal deposit insurance and which has applied for membership in a Federal home loan bank may be treated as meeting all the eligibility requirements for Federal deposit insurance only if the appropriate supervisor of the State in which the credit union is chartered has determined that the credit union meets all the eligibility requirements for Federal deposit insurance as of the date of the application for membership.

**(ii) Certification deemed valid**

If, in the case of any credit union to which clause (i) applies, the appropriate

supervisor of the State in which such credit union is chartered fails to make a determination pursuant to such clause by the end of the 6-month period beginning on the date of the application, the credit union shall be deemed to have met the requirements of clause (i).

**(C) Security interests of Federal home loan bank not avoidable**

Notwithstanding any provision of State law authorizing a conservator or liquidating agent of a credit union to repudiate contracts, no such provision shall apply with respect to—

(i) any extension of credit from any Federal home loan bank to any credit union which is a member of any such bank pursuant to this paragraph; or

(ii) any security interest in the assets of such credit union securing any such extension of credit.

**(D) Protection for certain Federal home loan bank advances**

Notwithstanding any State law to the contrary, if a Bank makes an advance under section 1430 of this title to a State-chartered credit union that is not federally insured—

(i) the Bank's interest in any collateral securing such advance has the same priority and is afforded the same standing and rights that the security interest would have had if the advance had been made to a federally insured credit union; and

(ii) the Bank has the same right to access such collateral that the Bank would have had if the advance had been made to a federally insured credit union.

**(b) Location requirement**

An institution eligible to become a member under this section may become a member only of, or secure advances from, the Federal Home Loan Bank of the district in which is located the institution's principal place of business, or of the bank of a district adjoining such district, if demanded by convenience and then only with the approval of the Director.

**(c) Inspection and regulation requirements**

Notwithstanding the provisions of clause (2) of subsection (a) of this section requiring inspection and regulation under law as a condition with respect to eligibility for membership, any building and loan association which would be eligible to become a member of a Federal Home Loan Bank except for the fact that it is not subject to inspection and regulation under the banking laws or similar laws of the State in which such association is organized shall, upon subjecting itself to such inspection and regulation as the Director shall prescribe, be eligible to become a member.

(July 22, 1932, ch. 522, § 4, 47 Stat. 726; June 13, 1933, ch. 64, § 3, 48 Stat. 129; Pub. L. 101-73, title VII, §§ 701(b)(1), (3)(A), 704(a), 710(b)(1), Aug. 9, 1989, 103 Stat. 412, 415, 418; Pub. L. 106-102, title VI, § 605, Nov. 12, 1999, 113 Stat. 1452; Pub. L. 110-289, div. A, title II, §§ 1204(8), 1206, July 30, 2008, 122 Stat. 2786, 2787; Pub. L. 114-94, div. G, title LXXXII, § 82001(a), Dec. 4, 2015, 129 Stat. 1795.)

<sup>2</sup> So in original. The word "the" probably should not appear.

**Editorial Notes**

## REFERENCES IN TEXT

The Community Development Banking and Financial Institutions Act of 1994, referred to in subsec. (a)(1)(B), is subtitle A (§§101-121) of title I of Pub. L. 103-325, Sept. 23, 1994, 108 Stat. 2163, which is classified principally to subchapter I (§4701 et seq.) of chapter 47 of this title. For complete classification of subtitle A to the Code, see Short Title note set out under section 4701 of this title and Tables.

Section 461 of this title, referred to in subsec. (a)(1)(C), was in the original "section 19 of the Federal Reserve Act". Definition provisions of section 19 are classified to section 461 of this title. Other provisions of section 19 are classified to sections 142, 371b, 371b-1, 374, 374a, 463 to 466, 505, and 506 of this title.

## AMENDMENTS

2015—Subsec. (a)(5). Pub. L. 114-94 added par. (5).

2008—Subsec. (a)(1). Pub. L. 110-289, §1206(1), which directed insertion of "community development financial institution," after "savings bank," was executed by making the insertion after "savings bank," the first time appearing.

Subsec. (a)(1)(B). Pub. L. 110-289, §1206(2), which directed insertion of "or, in the case of a community development financial institution, is certified as a community development financial institution under the Community Development Banking and Financial Institutions Act of 1994." after "United States," was executed by making the insertion after "United States" to reflect the probable intent of Congress.

Subsecs. (a)(1)(C), (3), (b), (c). Pub. L. 110-289, §1204(8), substituted "the Director" for "the Board" wherever appearing.

1999—Subsec. (a)(2) to (4). Pub. L. 106-102 inserted "(other than a community financial institution)" after "institution" in par. (2)(A), designated concluding provisions of par. (2) as par. (3), inserted heading and substituted "paragraph (2)" for "preceding sentence", and added par. (4).

1989—Subsec. (a). Pub. L. 101-73, §704(a), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "Any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, or savings bank shall be eligible to become a member of, or a nonmember borrower of, a Federal Home Loan Bank if such institution (1) is duly organized under the laws of any State or of the United States; (2) is subject to inspection and regulation under the banking laws, or under similar laws, of the State or of the United States; and (3) makes such home mortgage loans as in the judgment of the board, are long-term loans (and in the case of a savings bank if, in the judgment of the board, its time deposits, as defined in section 461 of this title, warrant its making 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 subparagraph (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.