

Chairperson's Order No. 98-OR-2

Date: February 20, 1998

**CHAIRPERSON OF THE BOARD OF DIRECTORS
FEDERAL HOUSING FINANCE BOARD**

Section 6(e) of the Federal Home Loan Bank Act (Bank Act) provides that any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank (FHLBank) six months after filing with the Federal Housing Finance Board (Finance Board) written notice of intention to do so (six-month waiting period). See 12 U.S.C. § 1426(e). Section 933.26(a) of the Finance Board's regulation governing FHLBank membership repeats the statutory requirement in section 6(e) of the Bank Act and further requires that the member provide its FHLBank at least six months written notice of the member's intention to withdraw from membership. See 12 C.F.R. § 933.26(a).

Community Bank of Louisiana (Community Bank), the resulting entity after a merger of a FHLBank of Dallas member and a nonmember, filed the required regulatory notice of its intention to withdraw from membership with the FHLBank of Dallas, which received such notice on or around August 25, 1997. Had the Finance Board received such notice from the FHLBank of Dallas on the same date, Community Bank's effective date of withdrawal would have been February 25, 1998, six months from that date. However, through the inadvertent error of the FHLBank of Dallas, the Finance Board did not receive notice of Community Bank's intention to withdraw from membership until January 8, 1998. If the date of receipt of such notice by the Finance Board, January 8, 1998, were used as the date of notice to the Finance Board for purposes of the six-month notice requirement in section 6(e) of the Bank Act and section 933.26(a) of the Finance Board's regulations, the effective date of withdrawal for Community Bank would not occur until July 8, 1998.

Given that the delay occurred because of the inadvertent error of the FHLBank of Dallas, there is a reasonable basis for not delaying Community Bank's effective date of withdrawal from February 25, 1998 to July 8, 1998. Accordingly, for the reasons discussed above, and pursuant to the authority granted to me as Chairperson of the Finance Board by Resolution No. 93-92 of the Board of Directors of the Finance Board, dated November 17, 1993, I hereby deem August 25, 1997, the date the FHLBank of Dallas received Community Bank's notice of intention to withdraw from membership, as the date of the Finance Board's receipt of such notice for purposes of the six-month notice requirement in section 6(e) of the Bank Act and section 933.26(a) of the Finance Board's regulations. See 12 U.S.C. § 1426(e); 12 C.F.R. § 933.26(a). Therefore, Community Bank's effective date of withdrawal from membership in the FHLBank of Dallas is February 25, 1998, six months from such date.



Bruce A. Morrison, Chairperson