



December 9, 2002

Mr. Atwood Collins III  
Chairman  
Federal Home Loan Bank of New York  
200 Park Avenue  
New York, NY 10166-4193

RE: Implementation of Federal Home Loan Bank of New York Capital Plan (2002-APP-08)

Dear Mr. Collins:

On July 18, 2002, the Board of Directors of the Federal Housing Finance Board (Finance Board) approved the capital plan of the Federal Home Loan Bank of New York (Bank) subject to the Bank receiving approval of its risk assessment procedures and controls and its internal market risk model. We have reviewed the materials that the Bank submitted in support of its request for approval of its risk assessment procedures and controls. As part of our regular examination of the Bank that commenced October 28, 2002, we also reviewed the Bank's risk control environment.

Pursuant to 12 C.F.R. § 932.1, the Finance Board hereby approves the Bank's risk assessment procedures and controls. Also pursuant to 12 C.F.R. § 932.1, the Bank must receive Finance Board approval of its internal market risk model before implementing its capital plan. Finance Board review of the Bank's internal market risk model is underway.

[REDACTED]

Our approval of the Bank's risk assessment procedures and controls is based on the information, representations and commitments made by Bank management. Any material change in the information, representations or commitments or in the Bank's business plan or operations, prior to the Bank's conversion to its new capital plan, would be a cause for us to modify, change, or rescind our approvals.

Sincerely,

*/s/ Stephen M. Cross*

Stephen M. Cross  
Director  
Office of Supervision

cc: Alfred A. DelliBovi, President  
Christie Sciacca Gwen Grogan Scott Smith  
Kari Walter Duane Creel Arnold Intrater  
Neil Crowley Syed Ahmad New York file