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of cancellation any time before the effective date of the withdrawal.

(c) *Treatment of outstanding advances and Bank stock.* The liquidation of any outstanding indebtedness owed to the Bank in which membership has been terminated and redemption of stock of such Bank shall be carried out in accordance with § 933.29 of this part.

(d) *Dividends on Bank stock.* An institution that has withdrawn from Bank membership pursuant to this section is entitled to receive dividends on outstanding stock of the Bank in which membership has been terminated in accordance with section 6(g) of the Act, 12 U.S.C. 1426(g), and § 934.17 of this chapter.

(The information collection requirements contained in this section have been approved where applicable by the Office of Management and Budget under control number 3069-0004)

[58 FR 43542, Aug. 17, 1993, as amended at 58 FR 50837, Sept. 29, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996; 63 FR 65692, Nov. 30, 1998]

§ 933.27 Procedure for removal.

(a) *Bank request for removal.* If a Bank believes that any of the grounds for removal of a member from membership contained in paragraph (b) of this section exists, the Bank may submit a written request to the Board stating the grounds for removal and recommending removal of the member from membership.

(b) *Grounds.* The following are grounds for removing a member from membership in a Bank:

(1) Failure by the member to comply with any provision of the Act or any regulation of the Board adopted under the Act;

(2) Insolvency of the member. A member is deemed insolvent if its assets are less than its liabilities;

(3) The member's management or home-financing policies are inconsistent with sound and economical home financing or with the purposes of the Act; or

(4) Any other condition exists with respect to the member that the Board believes would jeopardize the safety and soundness of the member's Bank.

(c) *Procedure.* (1) If the Board believes that any of the grounds for removal

contained in paragraph (b) of this section exist, and it believes that the member should be removed from membership, it shall provide the member with at least 30 calendar days written notice of its intention to remove the member from membership.

(2) Such notice shall be served as determined by the Board and shall state the grounds for such removal action and the time and place of a hearing at which the member may be heard.

(3) A hearing on such removal action shall be conducted in accordance with procedures established by the Board.

(d) *Removal by Board.* If the Board determines, in its sole discretion and after complying with the requirements of paragraph (c) of this section, that any of the grounds for removal of a member contained in paragraph (b) of this section exists, it may remove the member from membership.

(e) *Treatment of outstanding advances and Bank stock.* The liquidation of any outstanding indebtedness owed to the Bank in which membership has been terminated and redemption of stock of such Bank shall be carried out in accordance with § 933.29 of this part.

(f) *Dividends on Bank stock.* An institution that has been removed from Bank membership pursuant to this section is entitled to receive dividends on outstanding stock of the Bank in which membership has been terminated in accordance with section 6(g) of the Act, 12 U.S.C. 1426(g), and § 934.17 of this chapter.

[58 FR 43542, Aug. 17, 1993; 58 FR 47181, Sept. 7, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996; 63 FR 65692, Nov. 30, 1998]

§ 933.28 Automatic termination of membership for institutions placed in receivership.

(a) *Automatic termination.* As of the effective date of being placed in receivership, an institution's Bank membership automatically terminates.

(b) *Treatment of outstanding advances and Bank stock.* The liquidation of any outstanding indebtedness owed to the Bank in which membership has been terminated and redemption of stock of such Bank shall be carried out in accordance with § 933.29 of this part.

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(c) *Dividends on Bank stock.* The receiver is entitled to receive dividends on outstanding Bank stock of the institution placed in receivership in accordance with section 6(g) of the Act, 12 U.S.C. 1426(g), and §934.17 of this chapter.

[58 FR 43542, Aug. 17, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996; 63 FR 65692, Nov. 30, 1998]

Subpart G—Orderly Liquidation of Advances and Redemption of Stock

§933.29 Orderly liquidation of advances and redemption of stock.

(a)(1) If an institution ceases to be a member of a Bank pursuant to §§933.26, 933.27 or 933.28 of this part, the institution, or its receiver under §933.28 of this part, may continue to hold the stock of the Bank of which such institution is no longer a member so long as the Bank requires that the stock be held as collateral for any outstanding indebtedness owed to the Bank. If an institution ceases to be a member of a Bank pursuant to §§933.24(b) or 933.25(d)(3) of this part, the consolidated institution may continue to hold the stock of the disappearing institution's Bank so long as such Bank requires that the stock be held as collateral for any outstanding indebtedness owed to the Bank.

(2) The indebtedness of the institution that has ceased to be a member of a Bank owed to such Bank shall be liquidated in an orderly manner as determined by the Bank in accordance with §935.19 of this chapter, and upon completion of such liquidation, such institution's remaining stock in the Bank shall be surrendered and canceled.

(b) If an institution that has ceased to be a member of a Bank has no outstanding indebtedness owed to the Bank, such institution's stock in the Bank shall be surrendered and canceled.

(c) An institution that has ceased to be a member shall receive for stock redeemed under paragraphs (a)(2) or (b) of this section a sum equal to the original amount paid for the stock redeemed, except that if at any time the Board finds that the paid-in capital of the Bank is or is likely to be impaired as a

result of losses in or depreciation of the assets held by the Bank, the Bank shall on the order of the Board withhold from the amount to be paid in retirement of the stock a *pro rata* share of the amount of such impairment as determined by the Board.

[58 FR 43542, Aug. 17, 1993; 58 FR 53023, Oct. 13, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996]

Subpart H—Reacquisition of Membership

§933.30 Reacquisition of membership.

An institution which withdraws from membership pursuant to §933.26 of this part may acquire membership in a Bank only after the expiration of a period of 10 years thereafter, except:

(a) Such institution may acquire membership in a Bank if such withdrawal is a consequence of a transfer of membership on a non-interrupted basis between Banks pursuant to §933.18 of this part; or

(b) Such institution shall acquire membership in a Bank in connection with obtaining a charter as a federally chartered savings association (as defined in 12 U.S.C. 1813), or if otherwise required by law to become a member of a Bank, which institution is automatically approved for Bank membership pursuant to §933.4(a) of this part.

[58 FR 43542, Aug. 17, 1993. Redesignated and amended at 61 FR 42542, 42549, Aug. 16, 1996]

Subpart I—Bank Access to Information

§933.31 Reports and examinations.

As a condition precedent to Bank membership, each member:

(a) Consents to such examinations as the Bank or the Board may require for purposes of the Act;

(b) Agrees that reports of examinations by local, state or federal agencies or institutions may be furnished by such authorities to the Bank or the Board upon request;

(c) Agrees to give the Bank or the appropriate Federal banking agency, upon request, such information as the Bank or the appropriate Federal banking agency may need to compile and publish cost of funds indices and to