

§ 935.14

12 CFR Ch. IX (1-1-98 Edition)

a Bank's special, or otherwise limited, advance offerings.

(c) *Additional restrictions on advances to non-QTL savings associations.* (1) Either the Bank's written advances agreement required by § 935.4(b)(2) of this part or the written advances application authorized in § 935.4(a) of this part shall require that each savings association member, which pursuant to the QTL requirements of the OTS becomes ineligible for Bank advances, immediately provide its Bank with written notification of its ineligibility.

(2) Except as requested in writing by the OTS, or as authorized in § 935.18(c) of this part, a Bank shall not make an advance to a savings association member after receiving written notification from such member or from the OTS that such member is ineligible for advances pursuant to the QTL requirements of the OTS.

(d) *Repayment of advances by non-QTL savings association members.* (1) Each Bank, if informed by a savings association member or the OTS that the member has failed to regain its QTL status and is required to repay said member's advances prior to maturity, shall, in conjunction with the non-QTL savings association member, develop a schedule for the prompt and prudent repayment of any outstanding advances held by that member, consistent with the member's and the Bank's safe and sound operations.

(2) The schedule agreed to under paragraph (d)(1) of this section shall be provided promptly by the Bank to the Board and the OTS.

(e) *Advance commitments.* Either the Bank's written advances agreement required by § 935.4(b)(2) of this part or the written advances application authorized in § 935.4(a) of this part shall stipulate that the Bank shall not honor advance commitments previously made to members whose access to advances is subsequently restricted pursuant to paragraphs (a) or (c) of this section.

(The Office of Management and Budget approved the information collection requirements contained in this section and assigned control number 3069-0057 with an expiration date of April 30, 2000)

[58 FR 29469, May 20, 1993, as amended at 62 FR 52015, Oct. 6, 1997]

**§ 935.14 Limitations on long-term advances.**

(a) A Bank shall make long-term advances only for the purpose of enabling a member to purchase or fund new or existing residential housing finance assets.

(b)(1) Prior to approving an application for a long-term advance, a Bank shall determine that the principal amount of all long-term advances currently held by the member does not exceed the total book value of residential housing finance assets held by such member. The Bank shall determine the total book value of such residential housing finance assets, using the most recent Thrift Financial Report, Report of Condition and Income, or financial statement made available by the member.

(2) Applications for AHP and CIP advances are exempt from the requirements of this section.

**§ 935.15 Capital stock requirements; unilateral redemption of excess stock.**

(a) *Capital stock requirement for advances.* (1) At no time shall the aggregate amount of outstanding advances made by a Bank to a member exceed 20 times the amount paid in by such member for capital stock in the Bank.

(2) A non-QTL member shall hold stock in the Bank at the time it receives an advance in an amount equal to at least the amount of stock required to be held pursuant to § 935.13(a)(1)(ii) of this part.

(b) *Unilateral redemption of excess stock.* A Bank, after providing 15 calendar days advance written notice to a member, may unilaterally redeem that amount of the member's Bank stock that exceeds the stock requirements set forth in paragraph (a) of this section or, in the case of a non-QTL member, the stock requirements set forth in § 935.13(a)(1)(ii) of this part, provided the minimum amount required in sections 6(b)(1) and 10(e)(3) of the Act is maintained. The Banks shall have the discretion to determine the timing of such unilateral redemption, provided that the Bank's redemption policy is consistent with the requirement of section 7(j) of the Act (12 U.S.C. 1427(j))