

## Federal Housing Finance Board

## § 950.11

subject to the Bank's control and direction.

(2) A Bank shall take any steps necessary to ensure that its security interest in all collateral pledged by non-depository institutions for an advance is as secure as its security interest in collateral pledged by depository institutions.

(3) A Bank may at any time perfect its security interest in collateral securing an advance to a member.

(b) *Collateral verification.* Each Bank shall establish written procedures and standards for verifying the existence of collateral securing the Bank's advances, and shall regularly verify the existence of the collateral securing its advances in accordance with such procedures and standards.

[58 FR 29469, May 20, 1993, as amended at 64 FR 16621, Apr. 6, 1999; 65 FR 8263, Feb. 18, 2000. Redesignated at 65 FR 44430, July 18, 2000; 67 FR 12851, Mar. 20, 2002]

### § 950.10 Collateral valuation; appraisals.

(a) *Collateral valuation.* Each Bank shall determine the value of collateral securing the Bank's advances in accordance with the collateral valuation procedures set forth in the Bank's member products policy established pursuant to §917.4 of this chapter.

(b) *Fair application of procedures.* Each Bank shall apply the collateral valuation procedures consistently and fairly to all borrowing members, and the valuation ascribed to any item of collateral by the Bank shall be conclusive as between the Bank and the member.

(c) *Appraisals.* A Bank may require a member to obtain an appraisal of any item of collateral, and to perform such other investigations of collateral as the Bank deems necessary and proper.

[65 FR 44430, July 18, 2000]

### § 950.11 Capital stock requirements; unilateral redemption of excess stock.

(a) *Capital stock requirement for advances.* 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.

(b) *Unilateral redemption of excess capital stock; fee in lieu prohibited.* (1) A

Bank, after providing 15 calendar days advance written notice to a member, may require the redemption of that amount of the member's Bank capital stock that exceeds the capital stock requirements set forth in paragraph (a) of this section, provided the minimum amount required in section 6(b)(1) of the Act (12 U.S.C. 1426(b)(1)) is maintained. The Bank shall have the discretion to determine the timing of such unilateral redemption. The Bank's implementation of its redemption policy shall be consistent with the requirement of section 7(j) of the Act (12 U.S.C. 1427(j)) that the affairs of the Bank shall be administered fairly and impartially and without discrimination in favor of or against any member borrower.

(2) A Bank may not impose on or accept from a member a fee in lieu of redeeming the member's excess Bank capital stock.

[58 FR 29469, May 20, 1993, as amended at 64 FR 16791, Apr. 6, 1999; 65 FR 8263, Feb. 18, 2000; 65 FR 13870, Mar. 15, 2000. Redesignated at 65 FR 44430, July 18, 2000, as amended at 67 FR 12851, Mar. 20, 2002]

EFFECTIVE DATE NOTE: At 75 FR 76623, Dec. 9, 2011, §950.11 was redesignated as §1266.11 and revised, effective Jan. 10, 2011. For the convenience of the user, the revised text is set forth as follows:

### § 1266.11 Capital stock requirements; redemption of excess stock.

(a) *Capital stock requirement for advances.* For a Bank that has not converted to the capital structure authorized by the Gramm-Leach-Bliley Act, the aggregate amount of outstanding advance made by the Bank to a member shall not exceed 20 times the amount paid in by such member for capital stock in the Bank.

(b) *Unilateral Redemption of excess stock.* A Bank that has not converted to the capital structure authorized by the Gramm-Leach-Bliley Act:

(1) May, after providing 15 calendar days advance written notice to a member, require the redemption of that amount of the member's Bank capital stock that exceeds the applicable capital stock requirements in paragraph (a) of this section, provided that the member continues to comply with the minimum stock purchase requirement set forth in §1263.20(a) of this chapter; and

(2) May not impose on, or accept from, a member a fee in lieu of redeeming a member's excess stock.