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or greater during 4 of the 6 most recent calendar quarters.

(ii) For applicants that are not required to report financial data to their appropriate regulator on a quarterly basis, the information required in paragraph (b)(3)(i) of this section may be reported on a semiannual basis.

(c) *Eligible collateral not considered.* The availability of sufficient eligible collateral to secure advances to the applicant is presumed and shall not be considered in determining whether an applicant is in the financial condition required by section 4(a)(2)(B) of the Act (12 U.S.C. 1424(a)(2)(B)) and § 925.6(a)(4) of this part.

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

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 40023, 40024, July 27, 1998; 65 FR 8261, Feb. 18, 2000; 67 FR 12848, Mar. 20, 2002]

§ 925.12 Character of management requirement.

An applicant shall be deemed to be in compliance with the character of management requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(5) of this part, if the applicant provides to the Bank an unqualified written certification duly adopted by the applicant's board of directors, or by an individual with authority to act on behalf of the applicant's board of directors, that:

(a) *Enforcement actions.* Neither the applicant nor any of its directors or senior officers is subject to, or operating under, any enforcement action instituted by its appropriate regulator;

(b) *Criminal, civil or administrative proceedings.* Neither the applicant nor any of its directors or senior officers has been the subject of any criminal, civil or administrative proceedings reflecting upon creditworthiness, business judgment, or moral turpitude since the most recent regulatory examination report; and

(c) *Criminal, civil or administrative monetary liabilities, lawsuits or judgments.* There are no known potential criminal, civil or administrative monetary liabilities, material pending lawsuits, or unsatisfied judgments against the applicant or any of its directors or

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senior officers since the most recent regulatory examination report, that are significant to the applicant's operations.

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

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 40023, July 27, 1998; 65 FR 8261, Feb. 18, 2000; 67 FR 12848, Mar. 20, 2002]

§ 925.13 Home financing policy requirement.

(a) *Standard.* An applicant shall be deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6) of this part, if the applicant has received a Community Reinvestment Act (CRA) rating of "Satisfactory" or better on its most recent formal, or if unavailable, informal or preliminary, CRA performance evaluation.

(b) *Written justification required.* An applicant that is not subject to the CRA shall file as part of its application for membership a written justification acceptable to the Bank of how and why the applicant's home financing policy is consistent with the Bank System's housing finance mission.

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

[61 FR 42545, Aug. 16, 1996, as amended at 65 FR 8261, Feb. 18, 2000; 67 FR 12848, Mar. 20, 2002]

§ 925.14 De novo insured depository institution applicants.

(a) *Duly organized, subject to inspection and regulation, financial condition and character of management requirements.* An insured depository institution applicant whose date of charter approval is within three years prior to the date the Bank receives the applicant's application for membership in the Bank (de novo applicant) is deemed to meet the requirements of §§ 925.7, 925.8, 925.11 and 925.12.

(b) *Makes long-term home mortgage loans requirement.* A de novo applicant shall be deemed to make long-term home mortgage loans as required by

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§ 925.9 if it has filed as part of its application for membership a written justification acceptable to the Bank of how its home financing credit policy and lending practices will include originating or purchasing long-term home mortgage loans.

(c) *10 percent requirement.* (1) *One-year requirement.* A de novo applicant that is subject to the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b) shall have until one year after commencing its initial business operations to meet the 10 percent requirement of § 925.10.

(2) *Conditional approval.* A de novo applicant shall be conditionally deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b). A de novo applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 and the advances provisions of part 950 of this chapter.

(3) *Approval.* A de novo applicant shall be deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Bank Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b) upon receipt by the Bank from the applicant, within one year after commencement of the applicant's initial business operations, of evidence acceptable to the Bank that the applicant satisfies the 10 percent requirement.

(4) *Conditional approval deemed null and void.* If the requirements of paragraph (c)(3) of this section are not satisfied, a de novo applicant shall be deemed to be in noncompliance with the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b), and its conditional membership approval is deemed null and void.

(5) *Treatment of outstanding advances and Bank stock.* If a de novo applicant's conditional membership approval is deemed null and void pursuant to paragraph (c)(4) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 925.29.

(d) *Home financing policy requirement.* (1) *Conditional approval.* A de novo ap-

plicant that has not received its first formal, or, if unavailable, informal or preliminary, Community Reinvestment Act (CRA) performance evaluation, shall be conditionally deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6), if the applicant has filed as part of its application for membership a written justification acceptable to the Bank of how and why its home financing credit policy and lending practices will meet the credit needs of its community. An applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 and the advances provisions of part 950 of this chapter.

(2) *Approval.* A de novo applicant that has been granted conditional approval under paragraph (d)(1) of this section shall be deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6) upon receipt by the Bank of evidence from the applicant that it received a CRA rating of "Satisfactory" or better on its first formal, or if unavailable, informal or preliminary, CRA performance evaluation.

(3) *Conditional approval deemed null and void.* If the de novo applicant's first such CRA rating is "Needs to Improve" or "Substantial Non-Compliance," the applicant shall be deemed to be in non-compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6), subject to rebuttal by the applicant under § 925.17(f), and its conditional membership approval is deemed null and void.

(4) *Treatment of outstanding advances and Bank stock.* If the applicant's conditional membership approval is deemed null and void pursuant to paragraph (d)(3) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 925.29.

[67 FR 12848, Mar. 20, 2002]