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September 30, 2009

Via Electronic Mail: RegComments@fhfa.gov

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW
Washington, DC 20552
Attention: Comments/RIN 2590-AA10

RE: Federal Housing Finance Agency Proposed Rule: Record Retention

Dear Mr. Pollard:

The Federal Home Loan Bank of Dallas (the “Dallas Bank”) appreciates the opportunity to comment on the proposed rule (the “Proposed Rule”) regarding record retention requirements with respect to the record management programs of the Federal Home Loan Banks (the “FHLBanks”), the Office of Finance, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The Proposed Rule was issued by the Federal Housing Finance Agency (the “FHFA”) and published in the Federal Register on August 4, 2009.

The Dallas Bank appreciates the efforts of the FHFA to establish minimum record retention requirements for the FHLBanks as well as the other entities covered by the Proposed Rule. The Dallas Bank agrees that its records should be readily accessible for examination and other supervisory purposes. The Dallas Bank believes that the Proposed Rule sets forth requirements that will enable the Dallas Bank to not only cooperate with the FHFA in its examination and supervisory capacity, but will also enable the Dallas Bank to conduct appropriate practices in the retention of corporate records.

The Dallas Bank offers the following comments for your consideration.

Scope of and Compliance with the Proposed Rule

The Dallas Bank’s understanding of the Proposed Rule is that it sets forth, at a high level, minimum requirements that an entity should follow in establishing and maintaining a record

retention program. The Dallas Bank does not believe that the Proposed Rule dictates any specific method by which an entity must retain records. The Dallas Bank agrees with this approach and encourages the FHFA to maintain (and expressly to set forth) this approach both in the final rule that it promulgates with respect to record retention and in the FHFA's future endeavors in enforcing the Proposed Rule.

The Dallas Bank believes that an entity could comply with the Proposed Rule in a number of ways and in a number of methods, which may differ significantly from how another entity complies with the Proposed Rule but that would nonetheless still be in compliance with the Proposed Rule. For example, among the entities that the Proposed Rule covers, there are differences with respect to the business the entity conducts, the asset size of the entity, the number of persons the entity employs, the entity's operating budget, the amount and type of litigation filed against the entity, and the location where the entity is located. Each of these factors, as well as others, can lead to the entity having a variety of different types of records, vastly different numbers of records, and differing needs with respect to the retention of records. These factors, as well as other factors such as complexity or expense, could lead the entities covered by the Proposed Rule to choose vastly different record retention systems. Despite the complexity or cost of the system an entity chooses, so long as the entity's record retention system is in compliance with the Proposed Rule, the FHFA should, based on the language of the Proposed Rule, be satisfied with that record retention system.

Ready Access and Existing Information Technology

The Proposed Rule requires an entity's record retention program to be reasonably designed to assure that the format of retained records and the retention period permit ready access by the entity and, upon request, by the examination and other staff of the FHFA by reasonable means, consistent with the nature and availability of the records and existing information technology.

The Dallas Bank respectfully requests that the FHFA clarify that "ready access" means that the records are readily available consistent with the nature and availability of the entity's existing record retention storage and retrieval methods.

The Dallas Bank also respectfully requests that the FHFA clarify that "existing information technology" means a specific entity's existing information technology, rather than information technology that may exist at another entity or that may exist generally. As discussed above, different entities may have different record retention systems that use different types of information technology. So long as an entity's existing information technology allows the entity to be in compliance with the Proposed Rule, the FHFA should be satisfied with that entity's information technology.

Conversion of Records during a Record Hold

The Proposed Rule requires the record retention program of each entity to address the method by which the entity will retain records during a record hold, including the conversion of records from paper to electronic format.

The Dallas Bank respectfully requests that the FHFA clarify that an entity is not required to convert records from paper to electronic format during a record hold. Rather, if an entity has decided to convert records from paper to electronic format during a record hold, then the entity should address this in its record retention program.

Management's Evaluation of the Record Retention Program

The Proposed Rule would require an entity's management to evaluate in writing the adequacy and effectiveness of its record retention program at least every three years and provide a copy of the evaluation to its board of directors and (with respect to an FHLBank) to the Deputy Director of the Division of Federal Home Loan Bank Regulation (the "Deputy Director").

The Dallas Bank believes that an entity's management, in conducting this evaluation, should be able to rely on any audits conducted by the entity's auditors (whether internal or external) to the extent that the entity's auditors conduct an audit with respect to the adequacy and effectiveness of the entity's record retention program. The Dallas Bank respectfully requests that the FHFA allow for this reliance in the final rule. The Dallas Bank does recognize that an entity's management, in conducting this evaluation, would need to cover any areas that the audit did not address.

The Dallas Bank also respectfully requests clarification regarding when an entity should first submit its management's evaluation of the entity's record retention program. Should an evaluation be submitted the first time the entity provides a copy of its written record retention program to the Deputy Director (i.e., within 120 days of the effective date of the record retention regulations), or should the first evaluation be conducted and submitted three years thereafter?

Submission of the Record Retention Program

The Proposed Rule would require an FHLBank to provide a copy of its written record retention program to the Deputy Director within 120 days of the effective date of the record retention regulations. As discussed above, the Dallas Bank believes that an entity can comply with the Proposed Rule in a number of ways and through using a number of different record retention programs and types of information technology, including record retention programs and information technology that an entity is already using. To the extent that the FHFA agrees with this belief, then the Dallas Bank believes an entity could submit its written record retention program to the Deputy Director within the 120 days required by the Proposed Rule. To the extent, however, that an entity was required to acquire new information technology to comply with the Proposed Rule, then the time and expense required to obtain that technology may prevent an entity from submitting its record retention program to the Deputy Director within the 120 days required by the Proposed Rule.

The Proposed Rule would require an FHLBank to provide a copy of its written record retention program to the Deputy Director at certain specified times and also to provide a copy of management's evaluation (as discussed above) to the Deputy Director. The Dallas Bank requests clarification as to whether the written record retention program should also be sent to an FHLBank's Examiner in Charge. The Dallas Bank anticipates that compliance with the Proposed Rule would be carried out through the FHFA's examinations of the FHLBanks. If that

is the case, sending the written record retention program and evaluation to the Examiner in Charge in addition to, or perhaps in lieu of, the Deputy Director seems to be more appropriate.

Definition of “Record”

The Proposed Rule defines “record” as any information, whether generated internally or received from outside sources by an entity or employee, maintained in connection with an entity’s business regardless of the form or format, including voicemail records. The Dallas Bank respectfully requests that voicemail records be removed as a type of record format. The Dallas Bank does not, as a matter of course, conduct business over voicemail, such that a voicemail would need to be maintained as a record of the Dallas Bank’s business. The Dallas Bank does believe, however, that a recorded telephone line over which the Dallas Bank does conduct business could be an appropriate type of record format.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Smith", with a stylized flourish at the end.

Terry Smith
President and CEO