

**From:** Pereira, Alissa [apereira@myprovident.com]  
**Sent:** Wednesday, August 05, 2009 4:55 PM  
**To:** !REG-COMMENTS  
**Cc:** Blunden, Craig  
**Subject:** RIN 2590-AA12  
Sent on behalf of Craig Blunden, President/CEO, Provident Savings Bank:

August 5, 2009

Mr. Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
1700 G Street, NW, fourth floor  
Washington, D.C. 20052

Attn: Comments/RIN 2590-AA12

Dear Mr. Pollard:

I am writing on behalf of Provident Savings Bank, F.S.B., a member and stockholder of the Federal Home Loan Bank of San Francisco. As a former Director of the San Francisco Bank, I'm very concerned with the proposed rule. Sections 1113 and 1117 give the Federal Housing Finance Agency the authority to review compensation paid by regulated entities, which includes the Federal Home Loan Banks, to their executives and to prohibit excessive compensation or modify such compensation.

The proposed rule does not take into consideration the cooperative nature of the Federal Home Loan Bank system. The Federal Home Loan Banks are member owned and governed with joint and several liability. Each Federal Home Loan Bank is a separate entity, owned by its member institutions, with its own board and management. Members have a strong interest in ensuring that their Bank's executive officers are fairly compensated in markets and business lines in which they operate. During my seven years as a Director of FHLB – San Francisco, we were careful to pay sufficient compensation to attract and retain the expertise required to manage a very complex financial institution. We were competing with major financial institutions and financial service companies for these highly skilled individuals. We also considered that compensation packages we were competing with offered stock grants and options that are not available in our system. You should be careful when considering establishing a formula for setting compensation packages based on specific competitor institutions which may differ dramatically from a Federal Home Loan Bank.

The final rule should not contemplate the setting of specific compensation packages. It should look at peer institutions whose executives share similar duties and responsibilities, including other financial institutions and service companies of similar size and complexity.

If you have any questions, please do not hesitate to call me at 951-782-6188.

Craig G. Blunden  
President, C.E.O  
Provident Bank  
3756 Central Avenue  
Riverside, CA 92506

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