

1201 15th Street NW
Washington, DC 20005

T 800 368 5242 x8265
F 202 266 8333
dledford@nahb.org

www.nahb.org



December 7, 2009

Mr. Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
Fourth Floor
Washington, D.C. 20552
ATTN: Comments/RIN 2590-AA31

**Re: Federal Home Loan Bank Directors' Compensation and Expenses
RIN 2590-AA31**

Dear Mr. Pollard:

On behalf of the 200,000 members of the National Association of Home Builders (NAHB), I welcome the opportunity to respond to your request for comments on the Federal Housing Finance Agency's (FHFA's) Proposed Rule for Federal Home Loan Bank (FHLBank) Directors' compensation and expenses. The Proposed Rule implements section 1202 of the *Housing and Economic Recovery Act of 2008* (HERA) which repeals caps on FHLBank directors' compensation and allows each FHLBank to pay its directors reasonable compensation and expenses subject to the approval of FHFA.

NAHB is a national trade association representing individuals and companies involved in the production of housing and related activities. Each year, NAHB's builder members construct about 80 percent of all new housing in America. NAHB's builder members are mostly small businesses with limited capital of their own. These small businesses depend almost entirely upon commercial banks and thrifts for housing production credit. Our surveys show that 90 percent of all loans for residential land acquisition, development and construction (AD&C) come from commercial banks and thrifts, many of whom are members of the FHLBank System. Therefore, NAHB views the FHLBanks as crucial components of the housing finance system. A number of NAHB members serve, or have served, on FHLBank boards.

NAHB strongly supports the Proposed Rule and commends FHFA for promptly implementing this provision of HERA. The Proposal repeals the statutory restrictions placed on FHLBank Directors' compensation in 1999 and reverts back to the prior statutory structure which authorized the FHLBanks to pay reasonable compensation and expenses to their directors, subject to the approval of the System regulator.

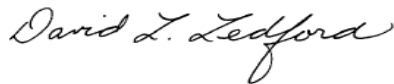
Mr. Alfred Pollard
December 7, 2009
Page 2

Further, we believe the proposed criteria for evaluating FHLBanks' compensation policies are reasonable and fair. Each FHLBank would be required to submit its compensation policy to FHFA for review and approval. The compensation policy must identify the activities or functions that require director participation and compensation, including how much time a director must spend on official Bank business. The policy must also explain and justify the methodology used to determine the amount of directors' compensation. The compensation policy must be included in each FHLBanks' annual report.

The Proposed Rule also requires additional disclosures of FHLBank compensation policies including the amount of compensation and expenses paid to each FHLBank director during the year, the number of board and committee meetings held each year and the number of board and committee meetings each board member attended during the year. NAHB supports the enhanced transparency required by the Proposed Rule.

In closing, NAHB is pleased to support the Proposed Rule. We believe it will assist the FHLBanks to attract and retain individuals to serve as FHLBank directors who possess the qualifications necessary to manage the complex issues presently before the FHLBanks.

Sincerely,

A handwritten signature in cursive script that reads "David L. Ledford". The signature is written in black ink and is positioned below the word "Sincerely,".

David L. Ledford
Senior Vice President