



Credit Union National Association

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cuna.org

VIA E-MAIL – comments@fhfb.gov

November 21, 2008

Federal Housing Finance Agency
1625 Eye Street, NW
Washington, DC 20006
ATTENTION: Public Comments/RIN 2590-AA03

Re: Interim Final Rule – Federal Home Loan Bank Boards of Directors:
Eligibility and Elections

To Whom It May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the interim final rule regarding the election of the boards of directors of the Federal Home Loan Banks (FHLBs). Until now, the board of directors of each FHLB were comprised of elected directors and those who were appointed by the Federal Housing Finance Board, the predecessor to the Federal Housing Finance Agency (Agency). The Housing and Economic Recovery Act (Act) enacted earlier this year now gives the members of the FHLBs the right to elect these independent directors, and the interim final rule outlines the process for nominating and conducting the election of these directors. CUNA represents approximately 90 percent of our nation's 8,200 state and federal credit unions, which serve nearly 92 million members.

Summary of CUNA's Comments

- CUNA would welcome the opportunity to work with the Agency to enhance credit union representation on the FHLB boards of directors as this will help facilitate the statutory requirement that certain of the directors represent consumer and community interests.
- When reviewing and commenting on the list of nominees to these boards of directors, as required under these rules, the Agency should monitor the extent to which credit unions and other minority interests are represented on these boards and take actions if these interests are not adequately represented.



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Discussion

Although not directly related to the issues addressed in the interim final rule, CUNA's greatest concern with regard to the selection of FHLB directors is that the current process makes it very difficult for credit unions to be represented on these boards. Although there are nearly 900 credit unions that are members of the twelve district FHLBs, this represents only about 11% of the 8,100 financial institutions that are members of the FHLBs.

Under these rules, each FHLB board of directors will be comprised of "member" directors and "independent" directors. Because credit unions comprise a small minority of the membership, it is extremely difficult for a credit union representative to be elected as a "member" director and would not even qualify as an "independent" director, due to the current statutory requirement that these independent directors cannot be employed by or serve on the board of an FHLB member institution while they are serving on the board of the FHLB in their district.

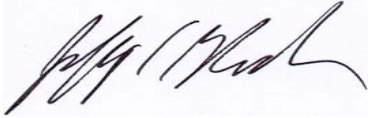
Credit unions, as well as other groups that comprise a minority of the FHLB's membership, deserve representation on these boards. A certain number of the independent directors, known as "public interest" directors, are required to have at least four years of personal experience in representing consumer or community interests in banking services, credit needs, housing, or consumer financial protections. We believe credit union representatives would make ideal candidates for these positions, as credit unions are not-for-profit financial cooperatives whose mission is to serve their members by providing affordable financial services.

Eliminating the statutory requirement described above regarding the restriction that such directors cannot serve on the board of an FHLB member institution while they are serving on the board of the FHLB in their district would facilitate credit union representation on the FHLB boards by allowing them to be eligible for these public interest positions. CUNA would welcome the opportunity to work with the Agency on this and other efforts that would facilitate credit union representation on the FHLB boards of directors.

In addition, we note that these interim final rules provide the Agency the opportunity to review and comment on the list of nominees to these boards of directors before elections take place. We urge the Agency to use this process as a means to monitor the extent to which credit unions and other minority interests are represented on these boards and to take actions if these interests are not adequately represented. This could include greater outreach efforts to encourage nominations from these minority interests, and CUNA would welcome the opportunity to work with the Agency and the FHLBs on these and other effective measures that would achieve these goals.

Thank you for the opportunity to comment on the interim final rule regarding the election of FHLB directors. If you or other Board staff have questions about our comments, please give Senior Vice President and Deputy General Counsel Mary Dunn or me a call at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Bloch", is written over a light blue rectangular background.

Jeffrey Bloch
Senior Assistant General Counsel