



Credit Union National Association

cuna.org

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | PHONE: 202-638-5777 | FAX: 202-638-7734

VIA E-MAIL – comments@fhfb.gov

February 21, 2007

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006
ATTENTION: Public Comments

Re: Interim Final Rule – Federal Home Loan Bank Director Appointments

To Whom It May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the interim final rule that outlines new procedures for the appointment of Federal Home Loan Bank (FHLB) directors by the Federal Housing Finance Board (Board). These procedures require the boards of directors of each FHLB to submit to the Board a list of individuals that includes information regarding their eligibility and qualifications. The Board will then appoint individuals from this list to serve on the FHLB's board of directors. CUNA represents approximately 90 percent of our nation's 8,700 state and federal credit unions, which serve nearly 87 million members.

Summary of CUNA's Comments

- CUNA would welcome the opportunity to work with the Board to facilitate credit union representation on the FHLB's board of directors, especially through the appointment process as credit union representatives will help facilitate the statutory requirement that certain of the directors represent consumer and community interests.
- CUNA generally supports these new procedures that will now require the FHLBs to identify potential candidates for their boards of directors as part of this selection process and will ensure that the Board has sufficient information regarding the candidates' qualifications. We believe this process can be further enhanced if the FHLBs were to publicize their efforts in identifying potential candidates for these vacancies.



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Our Comments

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 process makes it very difficult for credit unions to be represented on these boards. This includes both the election process and the process for appointing directors, which is the focus of the interim final rule.

Although there are over 900 credit unions that are members of the twelve district FHLBs, the current structure severely limits the ability of credit union representatives from serving on any of the FHLB boards of 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 director. The process by which credit union officials can be appointed by the Board to serve is also problematic because of the statutory requirement that these appointed 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. One way to achieve this goal would be to use the appointment process as a means to facilitate representation from credit unions. Because the Board is required under statute to appoint at least some directors who represent consumer and community interests, 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.

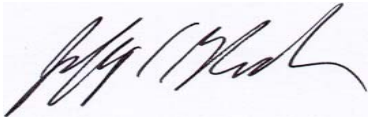
This increased credit union representation can be facilitated by eliminating the statutory requirement described above regarding the restriction that such directors cannot serve on the board of an FHLB member institution while they are serving on the board of the FHLB in their district. CUNA would welcome the opportunity to work with the Board on this and other efforts that would facilitate credit union representation on the FHLB boards of directors. Otherwise, we urge the Board to carefully consider credit union representatives during the appointment process, including for those positions that represent consumer and community interests.

With regard to the specifics outlined in the interim final rule, CUNA supports these new procedures that will now require the FHLBs to identify potential candidates for the Board as part of its selection process and will ensure that the Board has sufficient information regarding the candidates' qualifications. We believe this process can be further enhanced if the FHLBs were to publicize their efforts in identifying potential candidates for these vacancies. This could include, for example, the publication in the *Federal Register* or in relevant trade publications of a notice requesting nominations for these positions. This has been very effective in identifying well-qualified candidates

in other similar situations, such as the Federal Reserve Board's Consumer Advisory Council and the Treasury Department's Bank Secrecy Act Advisory Group, both of which comprise of individuals from a wide variety of financial and consumer organizations.

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

Sincerely,

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

Jeffrey Bloch
Senior Assistant General Counsel