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

RE: Interim Final Rule, Federal Home Loan Bank Appointive Directors

To Whom It May Concern:

The Independent Community Bankers of America¹ welcomes the opportunity to comment on the Federal Housing Finance Board's Interim Final Rule that establishes procedures for the selection of Federal Home Loan Bank appointive directors. Section 7(a) of the Federal Home Loan Bank Act authorizes the FHFB to appoint directors to the board of each FHLB, but existing rules do not provide procedures for doing so. Members also elect directors to FHLB boards to represent their interests. The FHFB believes that by adopting procedures for the selection of appointive directors, it will enhance its ability to identify and appoint well-qualified individuals to serve as FHLB directors.

Proposed Procedures

On or before October 1st of each year, the board of each FHLB shall submit to the FHFB a list of eligible nominees who are well-qualified to fill the appointive directorships that will expire on December 31 of that year, along with a FHFB prescribed application form executed by each person on the list. If an appointive directorship becomes vacant prior to the expiration of its term, the board of directors of the FHLB shall submit a list of names in a like manner. The names of nominees on the list provided to the FHFB shall be 2 times the number of appointive directorships to be filled. The FHFB shall select from among the nominees on the list in appointing directors. If the FHFB does not fill all appointive directorships from the list initially submitted by the

¹ *The Independent Community Bankers of America represents the largest constituency of community banks of all sizes and charter types in the nation, and is dedicated exclusively to representing the interests of the community banking industry. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

With nearly 5,000 members, representing more than 18,000 locations nationwide and employing over 265,000 Americans, ICBA members hold more than \$876 billion in assets \$692 billion in deposits, and more than \$589 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

FHLB, it may require the FHLB to submit a supplemental list of nominees for its consideration.

Anyone who seeks to be appointed to the board of a FHLB may submit to it an executed appointive director application form that demonstrates that the individual both is eligible and has business, financial, housing, community and economic development, and/or leadership experience. Any other interested party may recommend to the FHLB that it consider a particular individual as a nominee for an appointive directorship, but the FHLB may not do so until the individual has provided the FHLB with an executed appointive director application form. The board of directors of the FHLB may consider any individual for inclusion on the list it submits to the FHLB provided it has determined that the individual is eligible and well-qualified for the appointive directorship.

ICBA Comments

ICBA supports the procedures contained in the interim final rule (including the application form) and believes that they will make the selection process more transparent, enhance the quality of FHLB appointive directors and provide an opportunity for the selection of appointive directors that more closely match the needs of individual FHLBs.

ICBA also has several suggestions for the rule. First, we ask the FHLB to require the FHLBs to formally notify their members when they are seeking appointive director candidates. Some FHLBs are already doing this. FHLB members know and work closely with many individuals in their communities that would be highly qualified candidates. Members should be made aware of the selection process and how to submit candidate names.

Second, we ask that the FHLB clarify that if it does not fill all of the appointive directorships from the list initially submitted by a FHLB it **shall** rather than **may** require the FHLB to submit a supplemental list of nominees for its consideration. We believe that was the intent of the rule and the language change would clarify the process.

Third, we ask that the FHLB encourage the FHLBs to offer nominees who represent geographic diversity within the district. Nominees must be a bona fide resident of a state within the geographic area that the FHLB serves, but they could potentially come from a concentrated geographic area. Each FHLB serves members in a variety of states and in urban, suburban and rural areas. Elected directors represent geographic diversity and, to the extent possible, so should appointive directors.

We appreciate the opportunity to comment. If you would like to discuss our views further, please call me at (202) 659-8111 or email me at ann.grochala@icba.org.

Sincerely,



Ann M. Grochala
Director, Lending and Accounting Policy