



June 10, 2004

Mr. Alfred M. Pollard
General Counsel
Office of Federal Housing Enterprise Oversight
Fourth Floor
1700 G Street NW
Washington, DC 20552

Re: *Comments/RIN 2550-AA24*

Dear Mr. Pollard:

I am writing in my capacity as President and Chief Executive Officer of the National Association of Corporate Directors (NACD). The NACD is the leading educational, publishing and research organization on board leadership and the only membership association for boards, directors, director candidates and board advisors. We promote high professional standards for boards and directors and conduct research on significant corporate governance issues. Our Blue Ribbon Commission Reports on director professionalism, audit committees, the role of the board in corporate strategy, executive compensation, director compensation, risk oversight, CEO succession, and board evaluation are regarded as setting the "gold standard" in practical principles for effective corporate governance. Representatives of the NACD have testified before Congress on the recent corporate governance reforms and have provided commentary on governance matters to the Securities and Exchange Commission, the New York Stock Exchange and the NASDAQ Stock Market, Inc., among others.

Based on our experience, we are concerned that the proposed amendments to the Office of Federal Housing Enterprise Oversight's (OFHEO) corporate governance regulation for Fannie Mae and Freddie Mac (the "Enterprises") take an overly prescriptive, inflexible approach to governance. In particular, we believe that the proposed requirements for board leadership and director tenure would undermine the Enterprises' boards' ability to tailor their practices to their particular circumstances and needs at different times. This could have significant negative consequences for the Enterprises, their shareholders, and the public.

The proposed amendments would require the Enterprises to separate the positions of board chair and CEO. Although we believe that such a structure may be appropriate for some companies at some times, we believe boards of directors must have the flexibility to determine what leadership structure is most appropriate at any given time. We are concerned that mandating a particular board leadership structure in a federal regulation would not promote good governance and, on the contrary, could inappropriately tie the

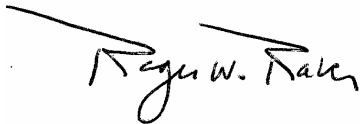
board's hands. In this regard, a May 2004 Booz Allen Hamilton study of the world's 2,500 largest public companies found "no evidence to support the presumption of governance activists that splitting the roles [of chair and CEO] will help shareholders."

We also have concerns about the proposal to limit the service of Enterprise directors to no more than 10 years. It is the responsibility of the board, based on the recommendations of its nominating and corporate governance committee, to determine whether incumbent directors continue to have the knowledge, expertise and experience to contribute to the board. Boards must have the flexibility to make these determinations. Forcing directors to leave the board after 10 years in all cases – regardless of their qualifications and capabilities – could lead to the loss of important institutional knowledge and leadership. This would not serve the Enterprises, their shareholders or the public well.

In conclusion, prescribing rigid requirements with respect to board leadership and tenure would not improve corporate governance and could have significant negative consequences. Accordingly, we urge OFHEO to reconsider its proposed amendments in these areas.

Thank you for considering our comments. We would be happy to discuss these and other issues with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Roger W. Raber". The signature is written in a cursive style with a long horizontal line extending from the top left of the name.

Roger W. Raber
President and Chief Executive Officer