

July 25, 2011

By e-mail to [RegComments@FHFA.gov](mailto:RegComments@FHFA.gov)

Eric M. Raudenbush, Esq.  
Assistant General Counsel  
Federal Housing Finance Agency  
1700 G Street NW  
Fourth Floor  
Washington, DC 20552

Re: Proposed Collection; Comment Request: "Federal Home Loan Bank Directors, (No. 2011-N-05)"

Dear Mr. Raudenbush:

The Federal Home Loan Bank of Topeka ("FHLBank Topeka") appreciates the opportunity to comment on the Federal Housing Finance Agency's ("FHFA") Proposed Collection; Comment Request on Federal Home Loan Bank Director Certification and Application Forms. FHLBank Topeka respectfully submits the following comments for your consideration.

The FHFA specifically requested comments on ways to enhance the quality, utility, and clarity of the information collected. FHLBank Topeka requests clarification on possible conflicts between the Member Director Eligibility Certification Form, the regulations of the FHFA at 12 C.F.R. Part 1261, and the Federal Home Loan Bank Act ("Bank Act"). As currently drafted, Line 5 of the Member Director Eligibility Certification Form requires prospective and incumbent Member Directors to "Provide the name and location of any other institution you serve as an officer or a director that is a member of any Federal Home Loan Bank." Line 6 then asks "Does each member listed in Line 4 and Line 5 comply with all of its applicable minimum capital requirements established by its appropriate federal or state regulator?" The line-by-line instructions for Line 6 clarify the reason for Lines 5 and 6 by noting "In order for you to be eligible to serve as a member director, every Bank member you serve as an officer or director must be in compliance with all of its applicable minimum capital requirements established by its appropriate federal or state regulator.... Each institution you listed in Line 4 and Line 5 must be in compliance with all of the applicable minimum capital requirements established by its appropriate federal or state regulator."

The language in the Member Director Eligibility Certification Form appears to indicate that an individual is ineligible to serve as a Member Director if that individual serves as an officer or director of a member in a Federal Home Loan Bank's ("FHLBank's") district that *does* meet its minimum capital requirements and also serves as an officer or director of a member in *another* FHLBank's district that *does not* meet its minimum capital requirements. For example, pursuant to the language in the Member Director Eligibility Certification Form, an individual would be ineligible to serve as a Member Director of FHLBank Topeka if that individual serves as an officer or director of a member in FHLBank Topeka's district that meets its minimum capital requirements but also serves as a director of a member in FHLBank Chicago's district that does not meet its minimum capital requirements. We believe the Member Director Eligibility Certification Form is inconsistent with the provisions of the Bank Act and the FHFA's regulations which would permit such an individual to serve on FHLBank Topeka's board of directors as a Member Director.

Section 7 of the Bank Act (12 U.S.C. §1427) governs Member Director eligibility. Subsection (b)(1) requires each Member Directorship to “be filled by a person who is an officer or director of a member located in that State.” In addition, that provision provides that “No person who is an officer or director of a *member* that fails to meet any applicable capital requirement is eligible to hold the office of Federal Home Loan Bank Director.” Despite the broad use of the term “member” which could be read to mean any member of *any* FHLBank, the Bank Act clarifies that for purposes of section (b), “the term ‘member’ means a member of a Federal home loan bank which was a member *of such bank* at the end of such calendar year” [emphasis added]. It appears the reference to “such bank” means the FHLBank of which the individual serves as a Member Director.

It appears that the FHFA has agreed with this interpretation through its drafting of the director eligibility regulation at 12 C.F.R. §1261.5(a)(2). That regulation provides that in order to be eligible to serve as a Member Director, the individual shall be “An officer or director of a member *that is located in the district in which the [FHL]Bank is located and that meets all minimum capital requirements established by its appropriate Federal banking agency or appropriate state regulator*” [emphasis added]. The regulation does not require that all members of *any* FHLBank for which the individual serves as an officer or director meet their minimum capital requirements, but only requires the member located in the FHLBank’s district which qualifies the individual to serve as a Member Director to meet all its minimum capital requirements. In fact, from the text of the regulation, it would appear that even if a Member Director was a director or officer of two members in an FHLBank’s district and one of those members failed to meet its minimum capital requirements, that individual would be eligible to serve as a Member Director if the individual is “an officer or director of a member that is located in the district in which the [FHL]Bank is located and that meets all minimum capital requirements...”

FHLBank Topeka respectfully requests that the FHFA revise the Member Director Eligibility Certification Form by removing the provisions which appear to conflict with the Bank Act and 12 C.F.R. §1261.5(a)(2) that indicate an individual is ineligible to serve as a Member Director of an FHLBank if the individual serves as an officer or director of an institution that fails to meet its minimum capital requirements, even if that institution isn’t the one that qualified that individual to serve as a Member Director. Specifically we request that only Line 4 of the Member Director Eligibility Certification Form be used to determine an individual’s eligibility to serve as a Member Director of an FHLBank to ensure the Member Director Eligibility Form is consistent with the FHFA’s regulations.

On behalf of FHLBank Topeka, we thank the FHFA for its consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick C. Doran". The signature is fluid and cursive, with a large initial "P" and "D".

Patrick C. Doran  
SVP, General Counsel  
and Corporate Secretary