

DECISION MEMORANDUM OF THE FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: September 26, 1994
No. 94-DM-32

ISSUE: Approval to extend the current external audit contract with Price Waterhouse for one year, from July 12, 1995 to July 11, 1996.

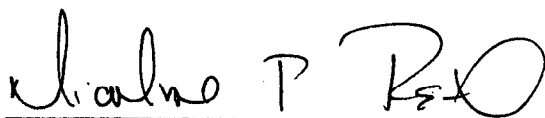
FACTORS CONSIDERED:

For the past eight years, the regulator of the FHLBank System has hired a single firm to audit the financial statements of the individual FHLBanks and the combined financial statements of the System. The current external audit contact with Price Waterhouse expires on July 11, 1995.

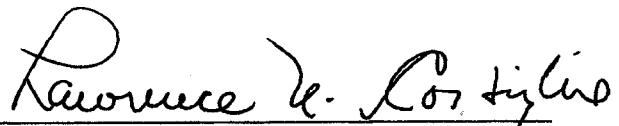
Two options were considered regarding the external audit contract; establishing a new multi-year contact or extending the current contract. While the advantages of establishing a new multi-year contract are persuasive, extenuating circumstances offset these advantages at this time. The extenuating circumstances include the current legislative environment, governance issues raised by the FHLBanks, and FHLBank System capital study.

The Federal Housing Finance Board has determined that it is appropriate to extend the current external audit contract with Price Waterhouse for one year, from July 12, 1995 to July 11, 1996.

DECISION: To extend the current external audit contract with Price Waterhouse for one year, from July 12, 1995 to July 11, 1996.



Nicolas P. Retsinas



Lawrence U. Costiglio