



No.: **2004-18**  
Date: **December 30, 2004**

## FEDERAL HOUSING FINANCE BOARD

### Federal Home Loan Bank Directorships

WHEREAS, sections 2A(a)(3) and 2B(a)(1) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. §§ 1422a(a)(3) and 1422b(a)(1)) require the Federal Housing Finance Board (Finance Board) to ensure that the Federal Home Loan Banks (Banks) operate in a financially safe and sound manner and authorize the Finance Board to promulgate and enforce such orders and regulations as are necessary to carry out the provisions of the Bank Act;

WHEREAS, section 7(a) of the Bank Act requires each Bank to have a minimum of six appointed directors, section 7(d) provides that the term of each such director shall be three years, and section 7(f) authorizes the Finance Board to fill vacant appointive directorships (12 U.S.C. § 1427(a), (d), and (f));

WHEREAS, on June 23, 2004, the Finance Board adopted a rule (Resolution Number 2004-07, *codified at* 12 C.F.R. part 998) that requires each Bank to register a class of its equity securities by filing a registration statement with the Securities and Exchange Commission (SEC) by June 30, 2005;

WHEREAS, the board of directors of each Bank is responsible for ensuring that the Bank conducts its business in a prudent manner and in compliance with the requirements of the Bank Act and implementing regulations (12 C.F.R. § 917.2(a)(4));

WHEREAS, the Office of Supervision has determined that each of the Banks has made progress toward meeting the June 30<sup>th</sup> deadline for filing a registration statement with the SEC;

WHEREAS, the Finance Board believes that board of directors involvement has been a key element in the progress that each Bank has made to date toward taking the necessary actions and adopting the necessary controls and procedures for filing a timely registration statement with the SEC, and that the knowledge gained by the individual board members during this process to date is an important factor in completing the registration process;

WHEREAS, the Finance Board believes that the timely submission of a registration statement that complies with all SEC requirements will advance the safety and soundness of the Banks and will enhance their access to the capital markets by improving financial disclosures and thereby promoting market discipline;

WHEREAS, the Finance Board has not yet completed the process for the appointment of directors whose terms would commence on January 1, 2005;

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WHEREAS, the Finance Board believes that it is important for the Banks to retain the services of directors whose terms are scheduled to expire on December 31, 2004, until such time as the Finance Board either can reappoint such individuals or appoint successors whose qualifications will enable them to assist the Banks in completing the registration process;

WHEREAS, on December 14, 1999, the Board of Directors determined in Resolution Number 1999-65 that it had the legal authority to allow certain appointed directors whose terms of office had been terminated by the enactment of the Gramm-Leach-Bliley Act to hold over as directors for a reasonable period of time after their terms had expired; and

WHEREAS, the Board of Directors has considered a legal opinion of the Office of General Counsel, dated December 29, 2004, which concludes that the rationale expressed in Resolution Number 1999-65 can be applied to allow certain incumbent appointed directors to hold over beyond the end of their terms for a reasonable period of time in order to aid in the completion of the registration process, as well as documentation from the Office of Supervision regarding the progress that each Bank has made toward registering with the SEC.

NOW, THEREFORE, IT IS RESOLVED that because section 7 of the Bank Act requires the board of directors of each Bank to have a minimum of six appointed directors, and because section 2A(a)(3) of the Bank Act requires the Finance Board to ensure that the Banks operate in a safe and sound manner, and because the Finance Board has determined that retention of certain directors beyond the expiration of their terms will advance the SEC registration process, the Finance Board hereby authorizes each individual who currently is serving as an appointed director for any Bank and whose term is scheduled to expire on December 31, 2004, to continue to serve as an appointed director of that Bank in a holdover capacity until the Finance Board either reappoints that person or appoints a successor director, provided that such holdover service shall not extend beyond June 30, 2005, unless expressly authorized by the Finance Board.

By the Board of Directors of the  
Federal Housing Finance Board

*/s/ Ronald A. Rosenfeld*

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Ronald A. Rosenfeld  
Chairman