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Mr. Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Washington, D.C. 20052

*Re: RIN 2590-AA12*

Dear Mr. Pollard:

These comments are submitted on behalf of the Independent Bankers Association of New York State ("IBANYS") with respect to the executive compensation rule, particularly as it relates to Federal Home Loan Banks. This proposed rule sets forth a review process to assess reasonability and comparability of compensation with the power to withhold payment of compensation.

The majority of IBANYS members are members of the Federal Home Loan Bank of New York. The Federal Home Loan Banks are member owned and member governed with joint and several liability. The directors of the Federal Home Loan Banks currently review and bear responsibility for compensation decisions. The majority of the directors are from member financial institutions. These directors are fully familiar with compensation standards within the financial services industry. The balance of the directors are either public interest or independent directors, who bring another important dimension to the review process.

Member banks are sensitive to the impact of the compensation decisions on the expenses of the Federal Home Loan Bank. Members are motivated not only by their desire to control expenses but also because member banks may be paid dividends based on their investment.

Community banks work cooperatively with the Federal Home Loan Banks using their advances and other products. It is critical that the Federal Home Loan Banks provide appropriate compensation to executive employees to retain talented and motivated employees. This is particularly true of the Federal Home Loan Bank of New York because of its location in the world financial capital. Any attempt to substitute a formulaic approach based median compensation of unrelated institution such as Farm Credit Banks would not be an effective nor fair approach. The board members of the New York Federal Home Loan Bank are in the best

position to determine reasonable and comparable compensation in their marketplace in the exercise of their fiduciary duty. Any review of compensation decisions should be undertaken based on the factors and data examined by the board in setting compensation. To set forth a regulatory standard would effectively mandate that the board implement that standard to the exclusion of their business judgment based on compensation data. There is no lack of surveys and detailed information on compensation within the financial services industry. The application of this data in concert with an evaluation of individual employee experience and achievement and the complexity of the job requirements provide a platform for decision-making. The governance by shareholders and the election of directors places member banks in a unique position to review and maintain reasonable compensation.

A rule on compensation review should be based on the fact that accurate compensation data and survey information from comparable and similar businesses were a fundamental element of the compensation determination. Also that an analysis of executive duties and responsibilities was undertaken to insure that financial services companies of similar size and sophistication were the basis for the data comparables.

Executive compensation needs to be dynamic and changing. It should not be subject to a formula which limits creativity and incentive for employees. Community banks are sensitive to public concern about excessive compensation, but a balanced approach is necessary to protect the public interest and maintain a competitive and effective federal home loan bank system which is a necessary component of our increasingly complex financial system.

Sincerely,

A handwritten signature in cursive script, appearing to read "William Y. Crowell", with a large flourish at the end.

William Y. Crowell