

December 7, 2009

By e-mail to RegComments@FHFA.gov

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street, N.W.
Washington, D.C. 20552

Attention: Comments/RIN 2590-AA31

Re: Federal Home Loan Bank Directors' Compensation and Expenses

Dear Mr. Pollard:

The Federal Home Loan Bank of Topeka ("FHLBTopeka") appreciates the opportunity to comment on the Proposed Rule published by the Federal Housing Finance Agency ("FHFA") in the *Federal Register* October 23, 2009 addressing Federal Home Loan Bank Directors' Compensation and Expenses. Our comments are as follows:

Proposed Section 1261.25(f) Disclosure

Proposed Section 1261.25(f) requires each Federal Home Loan Bank ("FHLBank") to disclose "the number of board and designated committee meetings that each director attended." FHLBTopeka requests the FHFA clarify the provision to confirm that a director's attendance may be in-person or via telephone or video conference.

Proposed Section 1261.23 Director Disapproval

Proposed Section 1261.23 provides that the Director may determine that the compensation and/or expenses to be paid to the directors are not reasonable and may order the FHLBank to refrain from making any further payments under that compensation policy. Section 1202 of the Housing and Economic Recovery Act ("HERA") removed the statutory limits on director compensation and effectively reinstated the prior statutory authorization to pay reasonable

compensation and expenses to the FHLBank's directors. Although the FHFA has the authority to review director compensation for reasonableness, each FHLBank retains the authority to set the compensation for its directors.

Since the duty for setting director compensation rests with the FHLBank's board of directors, the final regulation should set forth procedures the Director must follow in exercising the authority of proposed Section 1261.23 when making a determination that the compensation and/or expenses to be paid to the directors are not reasonable. Specifically, the regulation should require the Director to provide a written factual analysis to the FHLBank to support a determination that the compensation and/or expenses to be paid to the directors are not reasonable. Such analysis should contain (i) an explanation of the compensation review and methodology used by the FHFA, (ii) information contained in all studies or other supporting materials upon which the FHFA relied in determining that the level of compensation and expenses to be paid to directors is unreasonable, (iii) an explanation of how the FHFA's studies and other supporting material present a more reasonable standard to be used in setting director compensation than those used by the FHLBank in setting director compensation or, alternatively, (iv) an explanation of how the board's methodology used to determine the amount of compensation to be paid to its directors failed to correspond with the studies or other supporting materials relied upon by the board in determining director compensation. Such information would assist an FHLBank's board of directors in evaluating its prior decision making and in determining whether it is meeting its duties under Section 7(i) of the FHLBank Act.

We appreciate the opportunity to comment on this proposed rule and thank you for your consideration of our comments.

If you have any questions, please contact me at (785) 438-6054.

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
Senior Vice President and
General Counsel