



NEWS

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**FOR RELEASE:
August 14, 2002
FHFB 02-35**

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FEDERAL HOUSING FINANCE BOARD POSTPONES ACTION ON NEW STANDARDS OF CONDUCT

The Federal Housing Finance Board today postponed action on proposed standards of conduct governing the relationship of the agency's directors, officers, and employees to the Federal Home Loan Bank System.

Chairman John Korsmo said that the Department of Housing and Urban Development had asked for additional time to clarify that the standards would not affect the HUD Secretary or his designee outside of their duties related to the Federal Housing Finance Board.

John C. Weicher, assistant secretary and Federal Housing Commissioner, serves as Secretary Mel Martinez's designee on the five-member Finance Board.

Chairman Korsmo said the Board will act on the proposed standards of conduct after HUD completes its review. The next regular Finance Board meeting is scheduled for Sept. 12th.

The Federal Housing Finance Board regulates the 12 Federal Home Loan Banks and the Office of Finance. The Finance Board, like all federal agencies, is already covered by guidelines issued by the Office of Government Ethics.

Korsmo proposed supplemental standards because of the changing regulatory relationship following passage of the Gramm-Leach-Bliley Act in 1999. The legislation removed Finance Board authority over numerous aspects of Home Loan Bank operations.

The new standards prohibit Finance Board directors, officers, and employees from attending any official business meetings of a board of directors, committee, or advisory council meeting of an entity regulated by the Finance Board. The language does not, however, prohibit meeting with directors as long as they are not conducting official business. Limited exceptions are also made for Finance Board supervisory staff.

The standards further clarify that individual Finance Board directors may not speak or act on behalf of the Finance Board, which exercises its authority jointly.

The standards also reaffirm government rules on gift taking and reimbursement for travel, food or entertainment.

Korsmo proposed the standards of conduct following a commissioned study of Board practices by Greg Walden, a noted ethics attorney with the Patton-Boggs law firm in Washington, D.C. Walden reviewed the rules that governed other financial regulatory agencies, as well as the practices followed by their directors.

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