

FEDERAL HOUSING FINANCE BOARD

BOARD MEETING

Wednesday, August 14, 2002

Second Floor Board Room
1777 F Street, N.W.
Washington, D.C.

The Board meeting convened in open session
at 10:20 a.m. John T. Korsmo, Chairman, presiding.

PRESENT:

JOHN T. KORSMO, CHAIRMAN

JOHN C. WEICHER

FRANZ S. LEICHTER

ALLAN I. MENDELOWITZ

J. TIMOTHY O'NEILL (BY PHONE)

ELAINE L. BAKER, SECRETARY TO THE BOARD

P R O C E E D I N G S

CHAIRMAN KORSMO: I call the meeting to order, and I apologize for the delay in the start. As everyone knows, I'm kind of a stickler for starting meetings on time, so the fact that we are 20 minutes late, I apologize.

We had an issue arise--actually it arose at our Monday afternoon briefing when we were having a presentation to the Directors about the agenda for today's meeting. Obviously, everyone is aware that what we were considering today was adoption of a new set of Standards of Conduct that would govern the relationship between members of the Finance Board and the Finance Board staff with the Federal Home Loan banks and other regulated entities for which we are responsibility.

At that briefing on Monday afternoon, a representative who was attending the briefing on behalf of the Secretary of Housing and Urban Development, raised the question as to how these Standards of Conduct would apply to the Secretary of HUD and/or his or her designee. Obviously in this case, it's Dr. John Weicher, who's the Commissioner of FHA, who represents the Secretary on our Board. At the time, we discussed the fact that it was our belief that these Standards of Conduct would only affect

the Secretary and/or his designee in his capacity as a member of the Federal Housing Finance Board.

Dr. Weicher approached me this morning about some concerns that had been raised by the general counsel's office at HUD, and the bottom line is that HUD has asked to have an opportunity for the general counsel to review the proposal prior to us considering it and adopting it, and I frankly see nothing wrong with that. Again, it will slightly inconvenience, I guess, the other members of the Board; and my belief, John, is that, based on the quick conversation I had both with Dr. Mendelowitz and Director Leichter, is that we certainly understand the concern and are certainly willing to delay a consideration of this proposal until such time as the Secretary or you as his designee feel more comfortable with addressing it.

Is there anything else you wanted to maybe say?

MR. WEICHER: No, just to thank you--thank you, Mr. Chairman. I know this is inconvenient to my colleagues, and I regret that. And I can assure you that we will conduct this review expeditiously. This is an extremely important issue for the Board, and I think that the adoption of appropriate Standards of Conduct is highly desirable. And I will certainly work with my colleagues in the Department to make sure that we can review this and

respond effectively as quickly as possible for all our benefit as Directors and for the benefit of the staff, so there is guidance as to how people should be proceeding in the future. And I do regret the delay on this.

CHAIRMAN KORSMO: Thank you, John. Again, I think you're absolutely right. This is a very important issue. We want to make sure everyone's comfortable with considering it before we do.

As so with our apologies to Mr. Walden and to our other guests, we will postpone consideration of these Standards of Conduct until such time as the Secretary's representative to the general counsel of HUD has had a chance to review the proposal.

That being the only item on our agenda today--I guess at this point, unless there's any other comment anyone has to make--and sorry, Tim. We appreciate your attendance from New York.

MR. O'NEILL: Well, I just wanted to thank you, Mr. Chairman, for making it possible for me to hook up like this telephonically. And hello to John and Franz and Allan. I wish that I could see you, but I wish you the best.

CHAIRMAN KORSMO: Well, indeed, you will have the chance to see us before we meet again. So unless there's any other comments--Allan.

MR. MENDELOWITZ: Yeah, I would like to say that in the proposed guideline, number 4, which relates to application of gift and travel policies just here in statement--just in statutes and travel rules. And I don't want anybody to think because we haven't dealt with it today there's going to be some kind of gap in the application of those appropriate matters, because they are in full force already and are unaffected by what we propose to consider for adoption. So no one should think that the postponement is a license to do anything inappropriate today.

CHAIRMAN KORSMO: That's right. Keep that in mind, Tim.

MR. WEICHER: Yes.

[Laughter.]

CHAIRMAN KORSMO: All right, again, with our apologies to Mr. Walden and to others who have taken time to join us here today, we certainly understand the concern. I hope you all understand the concern.

With that, the meeting is adjourned.

[Whereupon, at 10:34 a.m., the meeting was
adjourned.]