



Number: 2005-12
Date: June 16, 2005

FEDERAL HOUSING FINANCE BOARD

Process for Removal or Suspension of a Federal Home Loan Bank Director or Officer

WHEREAS, section 2B(a)(1) of the Federal Home Loan Bank Act (Bank Act) (12 U.S.C. § 1422b(a)(1)) provides that the Federal Housing Finance Board (Finance Board) has the power “to promulgate and enforce such regulations and orders as are necessary” to carry out the provisions of the Bank Act;

WHEREAS, section 2B(a)(2) of the Bank Act (12 U.S.C. § 1422b(a)(2)) provides that the Finance Board has the power “to suspend or remove for cause, a director, officer, employee, or agent of any Federal Home Loan Bank . . .”;

WHEREAS, neither the Bank Act nor Finance Board regulations define what constitutes “cause” for removal or suspension under section 2B(a)(2);

WHEREAS, section 2B(a)(2) of the Bank Act requires the Finance Board to communicate the cause for removal in writing to both the individual and the appropriate Federal Home Loan Bank (Bank);

WHEREAS, neither the Bank Act nor Finance Board regulations provide additional guidance governing the process for removal or suspension of a Bank director or officer;

WHEREAS, in order to ensure that the process for removal or suspension of a Bank director or officer is fair, impartial, and meets constitutional due process requirements;

NOW, THEREFORE, IT IS RESOLVED that the process for removal or suspension of a Bank director or officer attached as an Exhibit to this Resolution hereby is adopted.

By the Board of Directors of
the Federal Housing Finance Board

/s/ Ronald A. Rosenfeld

Ronald A. Rosenfeld
Chairman



PROCESS FOR REMOVAL OR SUSPENSION OF A FEDERAL HOME LOAN BANK DIRECTOR OR OFFICER

1. At least 20 calendar days in advance of taking any action, Federal Housing Finance Board (Finance Board) staff will communicate in writing to the director or officer (Respondent), the Respondent's counsel, if any, and the appropriate Federal Home Loan Bank (Bank), the factual and legal circumstances staff believes may warrant removal or suspension.

Examples of conduct that may constitute cause for removal or suspension include, but are not limited to:

- Misfeasance, malfeasance, impropriety, or the appearance of impropriety in office.
 - Violation of the Federal Home Loan Bank Act, Finance Board regulations, rules, or policies, or Bank rules or policies.
 - Commission of or conviction for an act that constitutes a violation of any state or Federal criminal law involving dishonesty or breach of fiduciary duty or trust, such as corruption, misapplication of funds, extortion, or receipt of illegal or prohibited fees or gratuities, irrespective of whether the act(s) were undertaken in connection with the performance of official Bank duties.
 - Conduct that raises substantial questions concerning the Respondent's ability to fulfill official Bank duties and obligations.
 - Conduct that is not in the best interest of the Bank or the Bank System, such as violations or the appearance of violations of any applicable ethics guidelines.
2. The Respondent may be represented by counsel.
 3. The Respondent, individually or through counsel, will have the opportunity to respond in writing, with supporting documentation, if any, to the factual and legal bases cited by Finance Board staff. The Finance Board must receive any written submission by the deadline stated in the notice provided under Paragraph 1 and no later than 3 business days prior to the date of the Board of Directors meeting scheduled to consider removal or suspension of the Respondent.
 4. The Respondent, individually or through counsel, will have the opportunity to make an oral presentation at a meeting of the Board of Directors of the Finance Board. The Finance Board must receive written notice of the Respondent's intent to appear at the Board of Directors meeting no later than 3 business days prior to the date of the meeting. The Board of Directors reserves the right to pose questions to the Respondent or Respondent's counsel on any information offered in the oral presentation or supporting documentation.
 5. No later than 10 business days after the date of the Board of Directors decision on whether to remove or suspend the Respondent, the Finance Board will transmit a written decision to the Respondent, Respondent's counsel, if any, and the appropriate Bank. If the Board of Directors removes or suspends the Respondent, the decision will describe the factual and legal bases for the finding of cause for removal or suspension.