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June 2, 2006

Federal Housing Finance Board
1625 Eye Street NW
Washington, DC 20006
ATTENTION: Public Comments

Re: Federal Housing Finance Board
Proposed Rule: Federal Home Loan Bank Director Elections
RIN Number 3069-AB31, Docket Number 2006-04

Ladies and Gentlemen:

The board of directors (the “Board”) of the Federal Home Loan Bank of Dallas (the “Dallas Bank”) appreciates the opportunity to comment on the Proposed Rule issued by the Federal Housing Finance Board (the “Finance Board”) in the Federal Register on April 18, 2006 regarding amendments (the “Amendments”) to the Federal Home Loan Bank Director Elections (“Elections”) regulation found at 12 C.F.R. part 915 (the “Regulation”).

The Board supports the stated efforts of the Finance Board to assist each Federal Home Loan Bank (“FHLBank”) maintain a board of directors whose members in the aggregate possess the range of skills and experience best suited to administer the affairs of such FHLBank, to allow more involvement by the Board in the election process, and to provide the Board with the authority to inform members of the Dallas Bank about what resources the Board perceives to best serve the Dallas Bank.

In the Proposed Rule, the Finance Board sought comments on any aspect of the Proposed Rule and on specific aspects of the Proposed Rule including, whether the Banks should be required to take any of the actions that are authorized by the Proposed Rule.

The Board’s comments to the Proposed Rule, as discussed below, address (a) the permissive versus mandatory nature of the Proposed Rule and (b) the need for the Board to collectively possess certain skills and experience versus each director individually possessing such skills and experience.

In considering the proposed rule, the Board hopes the Finance Board recognizes that without public interest directors the Board's ability to achieve a collective directorate with the desired skills and experience is severely limited and potentially impossible.

Permissive Nature of the Proposed Rule

The Amendments as set forth in the Proposed Rule allow, but do not require, the Board to be more involved in the director election process. For example, the Bank may conduct an annual assessment of the skills and experience possessed by the members of its board of directors as a whole (proposed Section 915.9(a)) and may opt to include in the election notice a brief statement describing such skills and experience most likely to add strength to the Board (proposed Section 915.6(a)(3)). Further, the Board may include with each ballot a brief statement describing the elective director skills and experience the Dallas Bank has determined are most likely to add strength to the Board (proposed Section 915.8(b)) and a brief description of each nominee's skills and experience (proposed Section 915.8(a)(1)). The skills and experience identified by the Board would not supersede the eligibility requirements as set forth in Section 915.7 of the Finance Board's regulations.

For the following reasons, the Board strongly supports the Finance Board's proposal to authorize, but not require, the FHLBanks to take the actions described in the Amendments in such manner as each FHLBank determines is most useful:

1. Section 917 of the Finance Board's regulations already enumerate the powers, responsibilities, and duties of the Board;
2. An assessment of the skills and experience possessed by the members of the board of directors of a FHLBank may not be needed in any given year for a variety of reasons, including because the composition of the board of directors may not have changed from the previous year, therefore the board of directors may do an assessment only in some years;
3. Giving the board of directors the discretion to include or not include certain information and to determine when to include any such information in the election process allows the Board flexibility given the circumstances present at each election date; and
4. Leaving the actions set forth in the Amendments in the discretion of the Board would be consistent with the Finance Board's devolution of responsibilities to the Board in the Federal Home Loan Bank System Modernization Act of 1999.

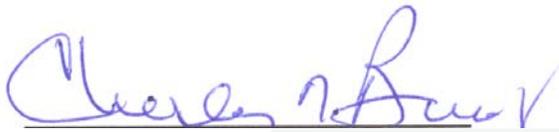
Collective Skills and Experience of the Board

The Amendments allow, but do not require, the Board to determine and communicate to members of the Dallas Bank certain skills and experience that the Board believes would enhance the capabilities of the Board. The Board concurs with the Finance Board that any skills or experience identified by the directors of the Board should enhance the Board as a whole rather than dictate individual qualifications of a director. We concur for the following reasons:

1. Leaving the identification of skills and experience as permissive and as an enhancement to the Board as a whole rather than as individual qualifications of a director would be consistent with the eligibility requirements for elective directors set forth in Section 1427 of the Federal Home Loan Bank Act;
2. The boards of directors of the FHLBanks may find it difficult to obtain some of the skills and experience such directors may identify because of the absence of public interest directors on the boards;
3. Pursuant to Section 917.3(c) of the Finance Board's regulations, the Board has the authority to retain staff, outside counsel, independent accountants, or other outside consultants as it sees fit to carry out its duties and responsibilities;
4. As the body responsible for the management of the Dallas Bank, the directors of the Board are able to more promptly identify the skills and experience that are needed from time to time by the Board than the Finance Board; and
5. Requiring each director to possess certain skills and experience may cause a significant portion of the membership of a FHLBank to be unrepresented or underrepresented on the board of directors.

We appreciate the Finance Board's consideration of the Dallas Bank's comments and concerns. Should you have any questions with respect to the foregoing, please do not hesitate to contact Charles W. Lockyer, Jr., Vice President and General Counsel, at 214-441-8716 and Karen Krug, Senior Vice President and Chief Administrative Officer, at 214-441-8660.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chesley N. Brooks, Jr.", is written over a horizontal line.

Chesley N. Brooks, Jr.
Chairman of the Federal Home Loan Bank of Dallas