

§ 932.15

the highest number of votes cast, and where two or more directorships are to be filled from the ballot, the Board shall declare elected each candidate receiving the next succeeding highest number of votes until the number of candidates declared elected equals the number of directorships to be filled. If required by a tied vote, the Board will declare elected one of the candidates whose votes are tied. No candidate who represents a member institution that fails to meet any applicable minimum regulatory capital requirements as set forth by the member institution's appropriate regulatory agency shall be declared elected by the Board. If the candidate receiving the highest number of votes cast is ineligible to be declared elected, the Board shall declare elected the candidate receiving the next succeeding highest number of votes who is eligible to be declared elected.

(e) The Board will record the results of the election in its minutes and notify the directors elected. The Board will furnish each member such results, including the name and address of the institution with which he is affiliated and his title therein, the number of votes he received, the number of members eligible to cast votes for the directorship(s), and the total eligible votes all such members were entitled to cast.

(f) In any date specified in §§ 932.12 through 932.14 of this part occurs on a Saturday, Sunday, or holiday, the next business day shall be included in the time allowed. No nominating certificate, questionnaire, or ballot shall be considered unless received in the Federal Housing Finance Board by the date specified.

[54 FR 38591, Sept. 19, 1989, as amended at 55 FR 1398, Jan. 16, 1990; 58 FR 31901, June 7, 1993]

**§ 932.15 Prohibition of actions influencing votes.**

No officer, attorney, employee, or agent of the Board or a Bank may individually or collectively take any action tending to influence votes for a directorship in a bank, and no person shall include in any letter, literature, or other paraphernalia, language or any presentation indicating, directly or indirectly, that the Board, or any of-

12 CFR Ch. IX (1-1-98 Edition)

ficer, attorney, employee, or agent of the Board or a Bank supports the candidacy of any person for an elective directorship. The Board, after hearing, may consider any such action grounds for dismissal from a directorship or may declare vacant the directorship involved, or both.

[54 FR 38592, Sept. 19, 1989]

**§ 932.16 Definition of State.**

As used in §§ 932.11, 932.13, and 932.14, the word *State* means State, the District of Columbia, or Puerto Rico.

[54 FR 38592, Sept. 19, 1989]

**§ 932.17 [Reserved]**

**§ 932.18 Appointive director eligibility.**

(a) *Qualifications.* Each appointive director shall:

- (1) Be a citizen of the United States;
- (2) Be a bona fide resident of the district served by the Bank for which he or she is a director; and
- (3) Comply with all requirements of the Act, and the regulations and policies of the Board and of the Bank presently in effect or to be established by the Board or the Bank's board of directors.

(b) *Prohibited service, financial interests and financial relationships.* (1) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, serve as an officer of any Bank.

(2) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, serve as a director or an officer of, or have a financial interest in, any member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, except as provided in paragraph (c) of this section.

(3) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, have a financial relationship with a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, that:

(i) Is not, to the director's knowledge, transacted in the ordinary course of business of the member (or such subsidiary, holding company or affiliate) and on substantially the same terms, including fees, interest rates and collateral, where applicable, as those prevailing at the time for comparable transactions by the member (or such subsidiary, holding company or affiliate) with other persons; and

(ii) In the case of a loan or extension of credit by a member (or such subsidiary, holding company or affiliate), does not, to the director's knowledge, involve more than the normal risk of repayment or contain other unusual terms and conditions that increase the risk of loss to the member (or such subsidiary, holding company or affiliate).

(4) No director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, in the Board's discretion, serve as an appointive director if such director:

(i) Has any loan or extension of credit from any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) that is more than ninety (90) days past due; or

(ii) Has or has ever had any loan or extension of credit that caused a loss to any insured depository institution (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company), or to federal deposit insurance funds, the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the Resolution Trust Corporation ("RTC"), within the past three (3) years.

(c) *Permitted financial interests—mutual funds.* An appointive director may have an interest in securities or other financial interests of a member of any Bank that arises solely through ownership of shares or other investment units of one or more diversified mutual funds (as defined in section 5 (a) and (b)(1) of the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-5(a), (b)(1)) that have invested in the member, except that where the member is within the district of the Bank on whose board the director serves, the director may not contribute to investment decisions of the fund.

(d) *Prohibited acceptance of things of monetary value.* (1) Except as provided in paragraph (d)(2) of this section, no director who is appointed pursuant to section 7(a) of the Act may, during such director's term of office, solicit or knowingly accept, directly or indirectly, any gift, gratuity, favor, honorarium, entertainment or any other thing of monetary value, from a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director serves, or from a person who:

(i) Has, or is seeking to obtain, contractual or other business or financial relationships with the Bank on whose board the director serves;

(ii) Has interests that may be substantially affected by the performance or non-performance of the director's official duties; or

(iii) Is an officer, director, controlling shareholder, employee, or agent of a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director serves, of a company that is a controlling shareholder of a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director serves, or of a trade organization comprised of members (or such subsidiaries, holding companies or affiliates) that represents financial services, credit needs, housing or financial consumer protections.

(2) Paragraph (d)(1) of this section shall not apply provided:

(i) The acceptance of such things of monetary value is motivated by obvious family or personal relationships rather than the business of the persons concerned;

(ii) The things of monetary value accepted are unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, seasonal gifts of nominal value or other similar things of nominal value;

(iii) The things of monetary value accepted are food and accompanying entertainment of nominal value accepted on infrequent occasions in the ordinary course of a conference, meeting or other working session where such things are incidental to the activity performed;

(iv) The things of monetary value accepted are non-cash honoraria of nominal value where the gifts are intended as tokens of appreciation for the director's willingness to speak before the group; or

(v) The things of monetary value accepted are financial interests or financial relationships not otherwise prohibited under this part.

(e) *Effect of ineligibility.* (1) If an appointive director shall cease to have any of the qualifications set forth in section 7(a) of the Act or this part, such directorship shall become vacant subject to the cure option in paragraph (g) of this section, but such person may continue to serve as an appointive director until his or her successor assumes the vacated office or the term of such office expires, whichever occurs first.

(2) Any vote by an appointive director during a period when such director has ceased to have any of the qualifications set forth in section 7(a) of the Act or this part shall not be deemed to render void or invalid any action taken by the board of directors during such period.

(f) *Certification and reporting.* (1) Prior to the initial appointment and prior to any reappointment, each director candidate for appointive director shall certify in writing to the Board on Form A-1 that he or she meets all applicable eligibility qualifications for his or her appointment set forth in section 7(a) of the Act and this part. By March 1 of each year during the term of the directorship, each appointive director shall certify in writing to the Board on Form A-2 that he or she meets all applicable eligibility qualifications for his or her appointment set forth in section 7(a) of the Act and this part, except that any appointive director who submitted Form A-1 to the Board in October, November, or December of the year prior to the year in which his or her appointment or reappointment took effect is not required to submit Form A-2 by March 1 of the year in which the appointment or reappointment took effect.

(2) If an appointive director knows or suspects at any time that he or she is ineligible, the director shall report the factual basis for the known or sus-

pected ineligibility, with specificity, in writing to the Board on Form A-2 within thirty (30) days of: the date of the event that caused or may have caused his or her ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later.

(3) Prior to the initial appointment and prior to any reappointment, each director candidate for appointive director shall fully disclose in writing to the Board on Form A-1 the financial relationships (as defined in §931.30 of this chapter) set forth in paragraphs (f)(3) (i), (ii), (iii), and (iv) of this section of such director candidate. By March 1 of each year during the term of directorship, each appointive director shall fully disclose in writing to the Board on Form A-2 the financial relationships (as defined in §931.30 of this chapter) set forth in paragraphs (f)(3) (i), (ii), (iii), and (iv) of this section of such appointive director, except that any appointive director who submitted a Form A-1 to the Board in October, November, or December of the year prior to the year in which his or her appointment or reappointment took effect is not required to submit a Form A-2 by March 1 of the year in which the appointment or reappointment took effect.

(i) Any type of deposit or savings account in a member (or a subsidiary or non-diversified holding company thereof, or affiliate of such holding company) of the Bank on whose board the director candidate or appointive director serves in excess of the limits of federal deposit insurance;

(ii) Any contractual right with a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director candidate or appointive director serves in excess of either \$10,000 or 5 percent of the director candidate's or appointive director's total income, whichever is less, on an annual basis;

(iii) Any loan or extension of credit by a member (or such subsidiary, holding company or affiliate) of the Bank on whose board the director candidate or appointive director serves in excess of \$50,000, except a loan or extension of credit for the purpose of purchasing or financing the director candidate's or

Federal Housing Finance Board

§ 932.20

appointive director's principal residence;

(iv) Any loan or extension of credit from any insured depository institution (or such subsidiary, holding company or affiliate) that:

(A) Is or has ever been, within the past three (3) years, more than ninety (90) days past due; or

(B) The director knows caused a loss to such institution (or such subsidiary, holding company or affiliate), or to federal deposit insurance funds, the FSLIC, or the RTC, within the past three (3) years.

(4) Failure to make any certifications or disclosures required under this paragraph (f) shall render the director candidate or appointive director ineligible under this part.

(g) *Opportunity to cure.* If an appointive director ceases for any reason occurring subsequent to appointment to satisfy the requisite eligibility qualifications set forth in section 7(a) of the Act or this part, the Board may, in its discretion, give such director a reasonable opportunity to eliminate the cause of the ineligibility provided:

(1) Such director reports the ineligibility, pursuant to paragraph (f)(2) of this section, and the proposed method of remedying the cause of ineligibility, with specificity, within thirty (30) days of: the date of the event that caused the ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later; and

(2) Such director remedies the cause of the ineligibility within a reasonable period of time set by the Board, not to exceed ninety (90) days from: the date of the event that caused or may have caused the ineligibility, the date the director knew or should have known of the ineligibility, or November 25, 1991, whichever is later.

(Approved by the Office of Management and Budget under control number 3069-0002)

[56 FR 55220, Oct. 25, 1991, as amended at 56 FR 56929, Nov. 7, 1991; 56 FR 58964-58970, Nov. 22, 1991; 57 FR 81, Jan. 2, 1992; 58 FR 31901, June 7, 1993]

**§932.19 Community interest director eligibility.**

(a) *Appointment.* At least two (2) of the appointive directors for each Bank shall be community interest directors.

(b) *Selection process.* Each Bank shall forward to the Board a list of qualified candidates compiled after active solicitation of nominations from qualified consumer or community organizations within its district. The Board may on its own also solicit nominations of qualified candidates. Final selection shall be in the sole discretion of the Board.

(c) *Ineligibility.* A community interest director shall cease to have the qualifications to be a community interest director if such director:

(1) Ceases to meet the definition of *community interest director* as set forth in §931.15 of this chapter; or

(2) The organization which the community interest director serves:

(i) Ceases to represent consumer or community interests in banking services, credit needs, housing or financial consumer protections; or

(ii) Ceases to operate, is dissolved, or is declared insolvent.

[56 FR 55221, Oct. 25, 1991]

**§932.20 Minimum number of elective directorships.**

Under section 7(c) of the Act, the number of elective directorships allocated to members located in each state cannot be less than the number of directorships that were filled by the members from that state on December 31, 1960. The following list sets forth the number of elective directorships that were filled by members from each state on December 31, 1960:

Federal home loan bank— State	No. of elective directorships on December 31, 1960
Atlanta:	
Alabama .....	1
Dist. of Columbia .....	1
Florida .....	1
Georgia .....	1
Maryland .....	1
North Carolina .....	1
South Carolina .....	1
Virginia .....	1
Boston:	
Connecticut .....	1
Maine .....	1
Massachusetts .....	3