NAVY FEDERAL Credit Union

Office of the President

February 16, 2007

Federal Housing Finance Board
1625 Eye Street NW.,
Washington, DC 20006

ATTENTION: Public Comments

Re: Interim Final Rule: Federal Home Loan Bank Appointive Directors

Dear Sir or Madam:

Navy Federal Credit Union submits the following comments on the Federal Housing Finance Board's (Finance Board) interim final rule regulating Federal Home Loan Bank (Bank) appointive directors. Navy Federal serves the financial needs of Navy and Marine Corps personnel and their family members throughout the nation and in many locations overseas. With assets in excess of $27 billion, we provide financial services for nearly 3 million members.

Navy Federal agrees with the requirement for Banks to identify as appointive directors those individuals with appropriate experience and abilities. Navy Federal further agrees with the requirements for Banks to provide to the Finance Board the original director application, which includes a description of the nominee's experience. This information would permit the Finance Board to make informed decisions about which nominees would best serve the needs of Bank members. As a direct result, we believe the governance of Banks would be improved by increasing the awareness of director qualifications in the appointive process.

We welcome the Finance Board's consideration of diversity among Bank board members when filling appointive Bank director positions. Ms. Mary Dunn, Vice President, Regulatory Affairs for CUNA, stated in a December 11, 2006 Credit Union Journal article that credit union representation among the Banks has increased to nearly 1,000 credit unions. With the total number of financial institutions approximating 8,100, credit unions represent nearly 12% of the Banks membership. However, not until December 2006 did credit unions acquire their first board of director seat with the appointment of Mr. Thomas Webber to the Atlanta Bank board of directors. Therefore, we urge the Finance Board to seek the necessary statutory authority and subsequently adopt procedures that would encourage greater diversity and broader membership representation on the Banks' boards of directors.

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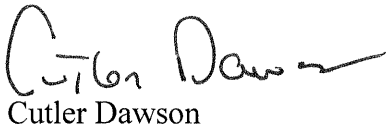
CFR 915.10(a) states, "In accordance with the Act, the Finance Board, in its sole discretion, shall select all appointive directors." At a time when Sarbanes-Oxley and other public policies call for transparency and openness in corporate processes and operations, we believe that the Finance Board should encourage public participation in shaping its processes and disclose those processes for its stakeholders and the public in the form of regulatory procedures.

We appreciate the Finance Board's efforts to improve the governance of Federal Home Loan Banks and appreciate your consideration of our comments on these important issues.

Sincerely,



Cutler Dawson
President/CEO

CD/st