



“FEDERAL HOME LOAN BANK DIRECTORS”

OMB NUMBER 2590-0006

SUPPORTING STATEMENT

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Section 7 of the Federal Home Loan Bank Act (Bank Act) vests the management of each Federal Home Loan Bank (Bank) in its board of directors.¹ As required by section 7, each Bank’s board comprises two types of directors: (1) member directors, who are drawn from the officers and directors of member institutions located in the Bank’s district and who are elected to represent members in a particular state in that district; and (2) independent directors, who are unaffiliated with any of the Bank’s member institutions, but who reside in the Bank’s district and are elected on an at-large basis.² Both types of directors serve four-year terms, which are staggered so that approximately one-quarter of a Bank’s total directorships are up for election every year.³ Section 7 and the implementing regulations of the Federal Housing Finance Agency (FHFA or the Agency), codified at 12 CFR part 1261, establish the eligibility requirements for both types of Bank directors and the professional qualifications for independent directors, and set forth the procedures for their election.

Part 1261 of the regulations requires that each Bank administer its own annual director election process. As part of this process, a Bank must require each nominee for both types of directorship, including any incumbent that may be a candidate for re-election, to complete and return to the Bank a form that solicits information about the candidate’s statutory eligibility to serve and, in the case of independent director candidates, about his or her professional qualifications for the directorship being sought.⁴ Specifically, member director candidates are required to complete the *Federal Home Loan Bank Member Director Eligibility Certification Form (Member Director Eligibility Certification Form)*, while independent director candidates must complete the *Federal Home Loan Bank Independent Director Application Form (Independent Director Application Form)*.

Each Bank must also require all of its incumbent directors to certify annually that they continue to meet all eligibility requirements.⁵ Member directors do this by completing the *Member*

¹ See 12 U.S.C. § 1427(a)(1).

² See 12 U.S.C. §§ 1427(b) and (d).

³ See 12 U.S.C. § 1427(d).

⁴ See 12 CFR 1261.7(c) and (f); 12 CFR 1261.14(b).

⁵ See 12 CFR 1261.12.

Director Eligibility Certification Form again every year, while independent directors complete the abbreviated *Federal Home Loan Bank Independent Director Annual Certification Form (Independent Director Annual Certification Form)* to certify their ongoing eligibility.

2. Use of Data

The Banks use the information collection contained in the *Independent Director Application Form* and part 1261 to determine whether individuals who wish to stand for election or re-election as independent directors satisfy the statutory eligibility requirements and possess the professional qualifications required under the statute and regulations. Only individuals meeting those eligibility requirements and qualifications may serve as an independent director.⁶ On an annual basis, the Banks use the information collection contained in the *Independent Director Annual Certification Form* and part 1261 to determine whether their incumbent independent directors continue to meet the statutory eligibility requirements.

The Banks use the information collection contained in the *Member Director Eligibility Certification Form* and part 1261 to determine whether individuals who wish to stand for election or re-election as member directors satisfy the statutory eligibility requirements. Only individuals meeting these requirements may serve as a member director.⁷ On an annual basis, the Banks also use the information collection contained in the *Member Director Eligibility Certification Form* and part 1261 to determine whether their incumbent member directors continue to meet the statutory eligibility requirements.

Part 1261 requires each Bank to submit to FHFA completed *Independent Director Application Forms* for all individuals that its board of directors intends to nominate as candidates for election to independent directorships before those individuals may be officially nominated.⁸ The Agency has two weeks within which to furnish the Banks with any desired commentary relating to the fitness of the proposed nominees to serve as independent directors of the Bank. The regulations also require that the Banks provide FHFA with copies of all completed *Independent Director Annual Certification Forms* and all *Member Director Eligibility Certification Forms* that have been completed for purposes of annual certification.⁹ Generally, the Agency uses the information on all completed forms to monitor the Bank director election processes and to obtain information on the composition of the Banks' boards of directors and of the pool of individuals from which the directors are drawn.

3. Use of Information Technology

Individuals have the option of completing each of the forms online in electronic form, although there currently is no mechanism for providing an electronic signature or for electronic submission of the form. Forms that are completed online must be printed out and submitted to the Bank in paper form with original signatures.

⁶ See 12 U.S.C. § 1427(a)(3).

⁷ See 12 U.S.C. § 1427(a)(3) and (b)(1).

⁸ See 12 CFR 1261.7(f).

⁹ See 12 CFR 1261.12(a).

4. Efforts to Identify Duplication

The Banks are required by statute to verify the eligibility of each candidate for a directorship and for incumbent directors annually. The Banks must also verify that nominees for independent directorships have the professional qualifications that independent directors are required by statute to possess. The three forms are designed to collect the information necessary to make those verifications, and this information is not available from any other source.

5. Impact on Small Entities

The information collection does not have a significant economic impact on a substantial number of small entities. Respondents are individuals.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

If the information requested in the forms were not collected at the times specified in part 1261, the Banks would be unable to determine, and FHFA would be unable to monitor, whether prospective and incumbent Bank directors satisfy the statutory eligibility requirements and whether independent director candidates possess the professional qualifications required by statute.

7. Circumstances Requiring Special Information Collection

There are no special circumstances that would require FHFA to conduct the information collection in a manner inconsistent with the guidelines provided in Question 7.

8. Solicitation of Comments on Information Collection

In accordance with the requirements of 5 CFR § 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on October 12, 2017. See 82 FR 47510 (Oct. 12, 2017). The 60-day comment period closed on December 11, 2017. FHFA received two comments, neither of which addressed any aspect of this information collection or the PRA.

9. Provision of Payments to Respondents

No payment or gift will be provided to any respondent.

10. Assurance of Confidentiality

FHFA and the Banks maintain the confidentiality of information obtained from respondents as required by applicable statute, regulation, and Agency policy.

11. Justification of Sensitive Questions

There are no questions of a sensitive nature in the information collection.

12. Estimated Burden of Information Collection

The estimated annualized hour burden imposed upon respondents by the information collection is 145 hours. The estimated annualized cost associated with this burden is \$23,925, which includes salaries, benefits, and overhead costs associated with review and completion of the forms. These estimates are based on the following calculations:

I. Member Director Eligibility Certification Form

The estimated annualized hour burden for all prospective and incumbent member directors associated with completion of the *Member Director Eligibility Certification Form* is 37 hours. The estimated annualized cost is \$6,105. These estimates are based on the following calculations:

Nominees for member directorships complete form in year of election to verify they are eligible to serve:

- Time per form: 0.25 hours
- Total forms: 68
- Total hours: 17
- Hourly rate: \$165
- Total cost: \$2,805

Incumbent member directors complete form annually to verify they remain eligible to serve:

- Time per form: 0.25 hours
- Total forms: 80
- Total hours: 20
- Hourly rate: \$165
- Total cost: \$3,300

II. Independent Director Application Form

The estimated annualized hour burden for all prospective and incumbent member directors associated with completion of the *Independent Director Application Form* is 75 hours. The estimated annualized cost is \$12,375. These estimates are based on the following calculations:

Nominees for independent directorships complete form in year of election to verify they are eligible to serve and possess the required professional qualifications:

- Time per form: 3.0 hours
- Total forms: 25
- Total hours: 75
- Hourly rate: \$165 (includes salary, benefits, and overhead)
- Total cost: \$12,375

III. Independent Director Annual Certification Form

The estimated annualized hour burden for all incumbent independent directors associated with completion of the *Independent Director Annual Certification Form* is 33 hours. The estimated annualized cost is \$5,445. These estimates are based on the following calculations:

Incumbent independent directors complete form annually to verify they remain eligible to serve:

- Time per form: 0.5 hours
- Total forms: 66
- Total hours: 33
- Hourly rate: \$165 (includes salary, benefits, and overhead)
- Total cost: \$5,445

13. Estimated Total Annual Cost Burden to Respondents

There are no additional costs associated with completion of the forms.

14. Estimated Cost to the Federal Government

The estimated annualized hour burden imposed upon the federal government by the information collection is 90 hours. The estimated annualized cost to the federal government associated with this burden is \$8,550, which includes salaries, benefits, and overhead costs associated with review and completion of the forms. These estimates are based on the following calculations:

I. Member Director Eligibility Certification Form

FHFA staff reviews each form completed for purposes of annual certification to ensure each incumbent member director remains eligible to serve:

- Time per form: 0.1 hours
- Total forms: 80
- Total hours: 8
- Hourly rate: \$95
- Total cost: \$760

II. Independent Director Application Form

FHFA staff reviews each form to ensure each independent director candidate is eligible to serve and possess the required professional qualifications:

- Time per form: 3.0 hours
- Total forms: 25
- Total hours: 75
- Hourly rate: \$95

- Total cost: \$7,125

III. Independent Director Annual Certification Form

FHFA staff reviews each form to ensure each incumbent independent director remains eligible to serve:

- Time per form: 0.1 hours
- Total forms: 66
- Total hours: 7
- Hourly rate: \$95
- Total cost: \$665

15. Reasons for Change in Burden

The estimated annualized hour burden on respondents is unchanged from that reflected in the prior (2014) Supporting Statement. Despite this, the estimated annualized costs associated with the estimate has fallen to \$23,925 from \$38,280 in the prior Supporting Statement. This is due to a decrease—to \$165 from \$264—in the per-hour cost estimate. Historically, FHFA has estimated hourly employment costs for PRA purposes by canvassing a small number of potential respondents. In the past eighteen months, the Agency has transitioned to using, instead, average per-hour employment costs from the Bureau of Labor Statistics (BLS), as OMB suggests in its guidance materials. According to BLS’s Occupational Employment Statistics data for May 2016 (the most recent data available), the national mean hourly wage for Chief Executives in the Finance and Insurance Sector (which would comprise a vast majority of Bank directors and directorship nominees) was \$109.17.¹⁰ FHFA rounded this figure up to \$110 and added 50 percent (\$55) for benefits and overhead costs to reach a total estimated cost of \$165 per hour.

16. Plans for Tabulation, Statistical Analysis and Publication

FHFA will not publish the results of this information collection.

17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate

FHFA plans to display the expiration date for OMB approval.

18. Explain Each Exception to the Topics of the Certification Statement Identified in “Certification for Paperwork Reduction Act Submission.”

There are no exceptions to the certification statement identified in Item 18.

¹⁰ See https://www.bls.gov/oes/current/naics2_52.htm#11-0000.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The information collection does not employ statistical methods.

Attachments:

- Federal Home Loan Bank Member Director Eligibility Certification Form
- Federal Home Loan Bank Independent Director Application Form
- Federal Home Loan Bank Independent Director Annual Certification Form
- 2 comments (received electronically)