

## Federal Housing Finance Board

## § 915.15

in writing at the same time that he or she informs the Bank.

[63 FR 65691, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000; 67 FR 12845, Mar. 20, 2002; 71 FR 35500, June 21, 2006]

### § 915.13 Ineligible Bank directors.

(a) *Elective directors.* Upon a determination by the Finance Board or a Bank that an elective director no longer satisfies the eligibility requirements set forth in the Act or this part, or has failed to comply with the reporting requirements of § 915.12, the elective directorship shall immediately become vacant. Any elective director that is determined to have failed to comply with the eligibility or reporting requirements shall not continue to act as a Bank director.

(b) *Appointive directors.* Except as provided herein, upon a determination by the Finance Board that an appointive director no longer satisfies the eligibility requirements set forth in the Act, or has failed to comply with the reporting requirements of § 915.12, the appointive directorship shall immediately become vacant. Notwithstanding the vacancy, an appointive director may continue to serve until a successor assumes the directorship or the term of office expires, whichever occurs first, and the Finance Board, in its sole discretion, may allow an appointive director up to 90 calendar days to comply with the eligibility or reporting requirements.

[63 FR 65691, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000]

### § 915.14 Vacant Bank directorships.

(a) *Vacant elective directorships.* (1) As soon as practicable after a vacancy occurs, a Bank shall fill the unexpired term of office of a vacant elective directorship by a majority vote of the remaining Bank directors regardless of whether the remaining Bank directors constitute a quorum of the Bank's board of directors.

(2) An individual so selected to fill a vacant elective directorship shall satisfy all of the eligibility requirements for elective directors set forth in the Act and this part, and shall provide to the Bank an executed director eligibility certification. The Bank shall

verify the individual's eligibility in accordance with § 915.7(a) before allowing the individual to assume the directorship, and shall retain the information it receives in accordance with § 915.6(c).

(3) Promptly after verifying the individual's eligibility under paragraph (a)(2) of this section, a Bank shall notify the Finance Board and each member located in the Bank's district in writing of the following:

(i) The name of the new elective director, the name, location and FHFBS ID number of the member at which the new director serves, and the new director's title or position with the member;

(ii) The voting State that the new elective director represents; and

(iii) The expiration date of the new elective director's term of office.

(b) *Vacant appointive directorships.* (1) As soon as practicable after a vacancy occurs, the Finance Board shall fill the unexpired term of office of a vacant appointive directorship.

(2) Promptly after filling a vacant appointive directorship, the Finance Board shall notify the affected Bank in writing of the following:

(i) The name of the new appointive director, the name and location of the organization with which the new director is affiliated, if any, and the new director's title or position with such organization; and

(ii) The expiration date of the new appointive director's term of office.

(3) Promptly after receiving the notice required by paragraph (b)(2) of this section, a Bank shall provide each of its members with the information described in paragraphs (b)(2)(i) and (ii) of this section.

[63 FR 65691, Nov. 30, 1998, as amended at 65 FR 8259, Feb. 18, 2000]

### § 915.15 Minimum number of elective directorships.

Under section 7(c) of the Act (12 U.S.C. 1427(c)), 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 States whose members held more than one (1) seat on December 31, 1960:

State	No. of elective directorships on December 31, 1960
California .....	3
Colorado .....	2
Illinois .....	4
Indiana .....	5
Iowa .....	2
Kansas .....	3
Kentucky .....	2
Louisiana .....	2
Massachusetts .....	3
Michigan .....	3
Minnesota .....	2
Missouri .....	2
New Jersey .....	4
New York .....	4
Ohio .....	4
Oklahoma .....	2
Pennsylvania .....	6
Tennessee .....	2
Texas .....	3
Wisconsin .....	4

[55 FR 1399, Jan. 16, 1990, as amended at 56 FR 55221, Oct. 25, 1991. Redesignated and amended at 63 FR 65692, Nov. 30, 1998; 67 FR 12846, Mar. 20, 2002]

**PART 917—POWERS AND RESPONSIBILITIES OF BANK BOARDS OF DIRECTORS AND SENIOR MANAGEMENT**

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AUTHORITY: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1427, 1432(a), 1436(a), 1440.

SOURCE: 65 FR 25274, May 1, 2000, unless otherwise noted.

**§917.1 Definitions.**

As used in this part:

*Business risk* means the risk of an adverse impact on a Bank’s profitability resulting from external factors as may occur in both the short and long run.

*Community financial institution* has the meaning set forth in §925.1 of this chapter.

*Contingency liquidity* means the sources of cash a Bank may use to meet its operational requirements

when its access to the capital markets is impeded, and includes:

- (1) Marketable assets with a maturity of one year or less;
- (2) Self-liquidating assets with a maturity of seven days or less;
- (3) Assets that are generally accepted as collateral in the repurchase agreement market; and
- (4) Irrevocable lines of credit from financial institutions rated not lower than the second highest credit rating category by an NRSRO.

*Credit risk* means the risk that the market value, or estimated fair value if market value is not available, of an obligation will decline as a result of deterioration in creditworthiness.

*Immediate family member* means a parent, sibling, spouse, child, dependent, or any relative sharing the same residence.

*Internal auditor* means the individual responsible for the internal audit function at the Bank.

*Liquidity risk* means the risk that a Bank will be unable to meet its obligations as they come due or meet the credit needs of its members and associates in a timely and cost-efficient manner.

*Market risk* means the risk that the market value, or estimated fair value if market value is not available, of a Bank’s portfolio will decline as a result of changes in interest rates, foreign exchange rates, equity and commodity prices.

*Operational liquidity* means sources of cash from both a Bank’s ongoing access to the capital markets and its holding of liquid assets to meet operational requirements in a Bank’s normal course of business.

*Operations risk* means the risk of an unexpected loss to a Bank resulting from human error, fraud, unenforceability of legal contracts, or deficiencies in internal controls or information systems.

*Reportable conditions* means matters that represent significant deficiencies in the design or operation of the internal control system that could adversely affect a Bank’s ability to record, process, summarize and report