

**CHARTER  
for the  
GOVERNANCE COMMITTEE**

**January 2007**

**Purpose**

The Governance Committee will have general responsibility to assist the Board of Directors in developing and maintaining best practices in governing the Bank. In this role the Governance Committee shall:

- Serve as the nominating committee for:
  - (i) The election of the Chair and Vice Chair of the Board of Directors;
  - (ii) The appointment of the Chairs and members to the standing committees of the Board; and
  - (iii) Candidates to fill vacancies on the Board.
  - (iv) Determining the experience and skill needs of the Board.
- Conduct evaluations on:
  - (i) The effectiveness of the Board of Directors; and
  - (ii) The effectiveness of individual Directors.
- Provide oversight and guidance on the election of Directors process;
- Review and recommend levels of coverage for Directors & Officers liability insurance and other fiduciary coverages;
- Review and recommend Compensation of Directors;
- Review the Bank's Code of Conduct and Ethics Programs;
- Develop the position descriptions for the Chair, CEO and Committee Chairs;
- Develop the Bank's governance principles;
- Determine the independence of Directors for SEC disclosures;
- Designate who is a Financial Expert on the Audit Committee; and
- Review Related Person Transaction Policy and transactions thereunder.

**Membership and Meetings**

The Board shall appoint the members of the Governance Committee and shall designate its Chairperson. The Committee shall meet as necessary to adopt new rules to ensure that the operations of the Bank remain in conformity with the changes in the law. The Bank's General Counsel shall serve as the Secretary to the Committee. Written minutes shall be prepared for each meeting by the Secretary. Detailed minutes of any executive session of the Committee will not be maintained; however, topics discussed will be noted in the written minutes. The approved original minutes will be forwarded to the Corporate Secretary for filing with the Federal Housing Finance Board and distribution to the full Board of Directors.