



Dear Director Thompson,

On behalf of the Council of Federal Home Loan Banks, and with the unanimous support of the eleven Federal Home Loan Banks (FHLBanks), I am pleased to submit this letter as a response to the Federal Housing Finance Agency's (FHFA) review of the FHLBanks. The FHLBanks welcome the opportunity to listen to the suggestions from our broader stakeholders including our members, communities and thought leaders, and to chart a course for the future.

The FHLBanks' mission is to provide reliable short-term liquidity and longer-term funding to member institutions to support housing finance and community investment. By delivering on that mission, we play a central role in the United States' financial system – unlocking credit and home ownership in communities across the United States.

By performing our core function of providing members with reliable liquidity and funding support – acting as a shock absorber in times of crisis – we foster diversity and stability in the United States financial system. The FHLBanks' regional structure particularly supports smaller financial institutions, including banks, credit unions, community development financial institutions, and insurance companies, who would be limited in their ability to serve their communities without access to our liquidity and funding options. Our operations enhance home ownership through increased mortgage lending, support for affordable housing construction and rehabilitation through the Affordable Housing Program (AHP), and through voluntary grants for housing and economic development.

Our membership is diverse with different types of prudentially regulated financial institutions, big and small. This diversity enables the FHLBanks to be financially stable and reliable across all economic cycles while supporting contributions to the AHP and other, voluntary programs.

The FHLBanks' Government-Sponsored Enterprise (GSE) status, self-capitalized cooperative structure with joint and several liability, rigorous approach to risk management, and effective independent oversight by the FHFA, are key to our competitive debt franchise. This is core to our ability to serve our members across all economic cycles including in times of financial crisis.

As our members and their needs have evolved over time, so too have we, with investments in technology, changes to collateral standards and practices, enhancements to product offerings, and progress on diversity, equity, and inclusion. We do all of this with leading efficiency levels, while retaining the expertise needed to meet the complex needs of our members, stakeholders, investors, and regulators.

The FHLBanks have a positive impact on members and communities across the entire United States. This is underpinned by our ability to provide the products and services our members need, and to effectively manage our risk in a changing marketplace.

We are proud of the way the FHLBanks have evolved to meet the needs of local lenders and communities, and we see the FHFA review as a next step in that evolution. As the FHLBanks approach their centennial, it is appropriate to consider how our mission and role could be enhanced to meet the needs of today and tomorrow. Working together, we will ensure that the FHLBanks continue to fulfill our mission, support our members and communities, and strengthen our country for the next 90 years.

Yours Sincerely,



Ryan Donovan

President and Chief Executive Officer
Council of Federal Home Loan Banks

