

Get to know the FHLBanks and their role in the U.S. Financial System

DID YOU KNOW?

The mission of the Federal Home Loan Bank System is to provide reliable liquidity to financial institutions and to support housing finance and community development.

HOW DOES IT WORK?



- The 11 regional FHLBanks provide billions of dollars in loans to their members each year.
- All FHLBank funding is backed by mission-related collateral, such as mortgages, mortgage-backed securities, treasuries, small business loans, and other government guaranteed and real-estate collateral.
- With access to competitively-priced funding from FHLBanks, financial institutions can pass savings on to consumers and business customers in the form of less expensive loans and lower interest rates.
- FHLBanks use a portion of their net income to develop a variety of grant and subsidized loan programs to support affordable housing and community development.
 - Each FHLBank is required by law to contribute 10% of net income to affordable housing.
 - In 2023, the FHLBanks voluntarily agreed to contribute a total of 15% of net income to affordable housing and community development initiatives going forward. FHLBanks are either already making additional voluntary contributions or are in the process of increasing their voluntary contribution levels.
 - Grants and programs help people with down payment and home rehabilitation costs, support developers of affordable housing projects, and provide legal services and financial education to current and prospective homeowners, among other housing needs.

The FHLBanks were created by Congress in 1932 for this purpose: to provide reliable liquidity and to support housing finance and community development.

Housing finance has certainly changed - our foundational mission has not!