



March 14, 2025

The Honorable Bill Pulte
Director
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 20024

Dear Director Pulte:

On behalf of the Council of Federal Home Loan Banks and the 11 Federal Home Loan Banks (FHLBanks), congratulations on your confirmation as Director of the Federal Housing Finance Agency (FHFA). Your background in housing and community development brings a valuable perspective to this role, and we look forward to working with you to advance the FHLBank System's mission to provide reliable liquidity to member institutions to broadly support housing and community development.

The FHLBanks serve as a critical funding source for nearly 6,500 members – banks, credit unions, insurance companies, and Community Development Financial Institutions (CDFIs). As a system of privately owned financial cooperatives, the FHLBanks ensure the steady flow of funds that enable local lenders to finance homeownership, small businesses, and community development initiatives.

The FHLBanks' impact from their core business activities for their members – particularly community banks – is substantial. FHLBanks had \$736 billion in outstanding advances and \$69 billion in Acquired Member Asset (AMA) mortgage loan balances as of December 31, 2024. FHLBanks are also the largest source of private capital support for affordable housing in the United States. In 2024, the FHLBanks committed \$1.2 billion to these efforts through the Affordable Housing Program (AHP) and voluntary programs.

As you assume leadership of the FHFA, we are eager to work together to address key challenges and opportunities that will enable the FHLBanks to maximize our impact. Specifically, we seek to:

- **Preserve the Reliability of FHLBank Liquidity:** The FHLBanks serve as the primary liquidity provider for thousands of institutions nationwide during normal market conditions and in times of financial stress. We believe our impact can be enhanced if FHFA refocuses its efforts on FHLBanks' primary statutory mission of liquidity and funding for members. We encourage FHFA to reaffirm the FHLBanks' statutory mandate, work with the banking regulators and us to ensure members can rely on advances, particularly in times of market stress, and rescind the recent advisory bulletin related to credit risk that positions the FHLBanks as an additional regulator to their members.
- **Reinforce the Privately Capitalized Cooperative Structure of the FHLBanks:** The FHLBanks operate independently of the federal government, with every dollar of capital

coming from our members. Regulatory decisions should reflect our unique structure rather than applying frameworks designed for Fannie Mae and Freddie Mac.

- **Refocus FHFA on Safety and Soundness, Not Social Policy Mandates:** Effective oversight should prioritize safety and soundness, rather than politically driven requirements.
- **Support Housing Supply, Affordability and Community Development Efforts:** The FHLBanks have taken proactive steps to amplify their impact in addressing housing affordability and community development. Over the past three years, they have launched more than three dozen pilot programs designed to enhance housing supply, affordability, and economic development in their districts. FHFA's continued support for these initiatives is essential to ensuring that the FHLBanks remain agile and responsive in addressing critical housing challenges in the communities they serve.
- **Normalize the Relationship Between FHFA and the FHLBanks:** A more balanced regulatory approach—focused on transparency, adherence to the Administrative Procedures Act, predictable oversight and support of the fiduciary role of FHLBank Boards—will strengthen the FHLBanks' ability to serve their members effectively.

Your leadership comes at a pivotal time for the housing finance system, and we hope to foster a productive partnership with you in the years ahead. We look forward to meeting with you at your earliest convenience to discuss these and other priorities.

Once again, congratulations on your confirmation!

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Donovan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ryan Donovan
President and CEO