



February 11, 2026

The Honorable Mike Flood  
Chairman  
Subcommittee on Housing and Insurance  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Emmanuel Cleaver  
Ranking Member  
Subcommittee on Housing and Insurance  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Flood and Ranking Member Cleaver,

On behalf of the Council of Federal Home Loan Banks and with the support of the 11 Federal Home Loan Banks (FHLBanks), I write to express our appreciation for the Subcommittee’s continued focus on housing finance issues that are vital to communities across the country.

For more than 90 years, the FHLBank System has played a central role in supporting housing and the secondary mortgage market. As congressionally chartered, member-owned cooperatives, the FHLBanks are critical partners to thousands of neighborhood financial institutions, large and small, that anchor communities across the nation. The liquidity the FHLBanks provide supports mortgage lending and community development, strengthens the broader financial system, and helps turn capital into tangible community impact in the form of homes built, jobs created, and local economies moving forward.

The FHLBanks provide reliable, low-cost liquidity to thousands of member financial institutions – community banks, credit unions, insurance companies, and Community Development Financial Institutions – enabling them to originate and retain mortgage loans and to serve borrowers, customers and members in all economic conditions. By offering secured advances and other funding tools, the FHLBanks help members manage interest-rate and liquidity risk so that local lenders can do what they do best: keep credit flowing to families, small businesses, and the communities that depend on them.

A recent Government Accountability Office (GAO) report found that higher FHLBank borrowing was associated with higher real estate lending and with a lower likelihood of a bank appearing on the FDIC’s Problem Bank List or failing or voluntarily liquidating, with these effects largely driven by banks with \$10 billion or less in assets, which made up 97 percent of the sample. GAO concludes that the FHLBanks play a “key role in the health of small banks.”<sup>1</sup>

In January, the Urban Institute published a report finding that virtually all mortgage-originating depository institutions are members of an FHLBank. Using merged HMDA and call report data, the report shows that by 2023, about 98.0 percent of depository mortgage originators were FHLBank

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<sup>1</sup> U.S. Government Accountability Office, *Federal Home Loan Banks: Role During Financial Stress and Members’ Borrowing Trends and Outcomes*, GAO-26-107373 (Dec. 17, 2025), <https://files.gao.gov/reports/GAO-26-107373/index.html>.

members, representing “near-universal FHLBank membership among depository institutions active in mortgage origination.”<sup>2</sup> The same report estimates that from 2002 to 2024, increases in FHLBank advances supported approximately \$1.82 trillion in additional lending by member banks and credit unions, including about \$850 billion in residential real estate lending.

Additionally, the FHLBank Acquired Member Asset (AMA) programs, through which FHLBanks acquire and hold on their balance sheets residential mortgage loans, provide an important mechanism for community banks and credit unions to access the secondary market so they can keep lending with purpose in the communities they serve. FHLBank mortgage purchase programs, including the Acquired Member Asset structures administered across the System, purchase tens of thousands of loans each year, totaling \$14.7 billion in 2024 alone, replenishing liquidity for community banks and credit unions and enabling them to continue originating long-term, fixed-rate mortgages while managing interest-rate risk.<sup>3</sup>

Taken together, these findings underscore that FHLBank funding is deeply embedded in the mortgage finance ecosystem and the functioning of the secondary market. We look forward to continuing to work with the Subcommittee to promote a resilient housing finance system that supports sustainable homeownership, affordable rental housing, and stable communities nationwide.

Thank you for holding today’s hearing and considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Donovan". The signature is fluid and cursive, with a large initial "R" and "D".

Ryan Donovan  
President and CEO

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<sup>2</sup> Jung Hyun Choi, Jun Zhu, Laurie Goodman, John Walsh, Katie Visalli, and Bryson Berry, *The Value of the FHLBank System to Promote Housing and Community Development Lending* (Washington, DC: Urban Institute, January 2026), <https://www.urban.org/research/publication/value-fhlbank-system-promote-housing-and-community-development-lending>.

<sup>3</sup> Council of Federal Home Loan Banks, *Federal Home Loan Banks Impact Report 2024* (Washington, DC, June 2025), <https://fhlbanks.com/wp-content/uploads/2025/06/FHLB-Impact-Report-2024.pdf>. 18.