

December 14, 2023

The Honorable Sandra Thompson
Director
Federal Housing Finance Agency
400 Seventh Street, SW
Washington, DC 20024

Dear Director Thompson:

We are writing on behalf of the American Bankers Association¹ and the undersigned 52 State Bankers Associations. Our mutual members followed with great interest the Comprehensive Review of the Federal Home Loan Banks undertaken by the Federal Housing Finance Agency (FHFA) over the course of the last year. We commend you for the process undertaken for the review, which allowed numerous opportunities for stakeholder input and engagement: in person, via virtual participation, and through written comments. The FHFA recently issued the report FHLB System at 100: Focusing on the Future which set forth 50 recommendations that are a result of the review. We have a range of views on these recommendations and look forward to sharing those views as efforts are undertaken to effectuate them. Our focus today, however, is on the next steps and the importance of an open, transparent, and inclusive process.

As FHFA takes steps to implement the report's recommendations it is essential that the open, transparent, and inclusive process employed during the review continues. This can be best served using the notice and comment process under the Administrative Procedures Act when proposing any changes under the agency's purview. Many of the proposals set forth by FHFA could have profound implications for members' ability to access FHLB funding and programs. It is essential that members of the System, of all sizes and charters, understand the processes, regulations and supervisory requirements governing that access. To that end, we strongly discourage the use of guidance, supervisory letters or changes made through the examination process to effectuate any of the recommendations, as those avenues do not provide members with adequate opportunities for input or understanding before changes are made.

As FHFA noted in the report, the FHLBs have an important dual mission to provide liquidity and advance affordable housing. The proposals set forth can dramatically impact that mission and the continued ability of the FHLBs to meet it for all members. In the wake of the recent report, a number of observers have speculated that implementation of the recommendations could result in more limited or more difficult access to the FHLBs liquidity and programs creating uncertainty

¹ *The American Bankers Association is the voice of the nation's \$23.4 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$18.6 trillion in deposits and extend \$12.3 trillion in loans.*

in the market. FHFA can reduce that uncertainty by committing to a clear, transparent, open, and inclusive process going forward. We ask that you do so, and state as such publicly.

Thank you for considering our views on this most important manner.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
DC Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association

Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association