



For a Better Way of Life.®

P.O. Box 2847 • Fargo, ND 58108-2847

July 10, 2024

Attn: The Honorable Sandra Thompson
Director, Federal Housing Finance Agency
Constitution Center
400 7th Street SW
Washington, D.C. 20219

FHFA's Review of the Federal Home Loan Banks

Dear Director Thompson,

Thank you for the opportunity to provide feedback regarding the FHFA's review of the Federal Home Loan Banks (FHLB). In terms of FHLB Des Moines, specifically, Gate City Bank is proud to be the longest-tenured member, with our relationship going back approximately 90 years of our more than 100-year history, to the very beginning of the system's existence. This longstanding partnership has proven crucial to fulfilling our core purpose, which is to create a better way of life for many – especially when it comes to promoting affordable housing and community development – two objectives that hit very close to home for us and those we gratefully serve.

As the #1 mortgage lender in North Dakota, and as the region's leading financial institution, extending into Minnesota, Gate City Bank is proud to have contributed millions of dollars toward affordable housing and community development projects across our 45-location footprint, most recently in late March. As part of a grant-matching program available through the Member Impact Fund, where FHLB Des Moines contributed \$3 for every \$1 donated by us, we successfully earmarked a total of \$850,000 for three remarkable nonprofits: YWCA Cass Clay, Beyond Shelter, and Cass Clay Community Land Trust. These donations will allow the nonprofits to provide affordable housing to those who need it most.

Thanks in large part to this unique partnership, Gate City Bank has been recognized as the North Dakota Housing Finance Agency's Champion of Affordable Housing Award of Excellence for more than a decade. It's also one of the reasons why we're consistently voted "best bank" in the places we call home. And to paint a perspective in terms of numbers, 60% of our loans are related to homeownership, and they're largely made possible because of our key relationship with FHLB of Des Moines. Without the stable and affordable source of liquidity provided by the FHLB of Des Moines, we would not be able to provide the competitive home loans that our region needs to grow and thrive.

When Congress carefully crafted the FHLB system as part of the Federal Home Loan Bank Act in 1932, it was a saving grace for communities and community banks across the U.S., and Gate City Bank is among the financial institutions that are incredibly thankful for the stable liquidity and resources that have become available as a result. Throughout its existence, the FHLB system has served as a reliable and

701-293-2400 • 800-423-3344 • GateCity.Bank





For a Better Way of Life.®

P.O. Box 2847 • Fargo, ND 58108-2847

critical source of funding for members like us, who seek to serve those in need. It's a well-regulated organization that has excelled repeatedly, and FHLB's credibility and commitment to compliance are without question.

With that in mind, we respectfully emphasize that Congress should continue to determine any changes to the FHLB system alone. We believe this is key to ensuring that all members continue to have the same access as they do today and that the system's successful incentive structure remains intact.

Our humble and gracious summation: Without the FHLB system, we wouldn't have the resources necessary to help our communities grow and thrive, which is why it's crucial for the current organizational structure to remain in place. To that same end, the valuable role of the FHFA as a safety and soundness regulator should remain focused on evaluating the FHLB system's performance against its statutory mission without altering it.

The current mission is clear, the existing metrics are robust, and the ongoing process is working. At a time when liquidity is tight, affordable housing is challenging, and community development is needed more than ever, our nation simply can't afford to disrupt a key partner that is yielding success.

We appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "CL Lee".

Chris Lee
Executive Vice President/Chief Financial Officer
Gate City Bank
500 2nd Ave. N
Fargo, ND 58102

701-293-2400 • 800-423-3344 • GateCity.Bank

