



July 11, 2024

FHLBank Boston
800 Boylston Street
Boston, MA 02199

Re: FHLBank Boston Mission (Due: 7/15/24)

To Whom It May Concern:

As the President and CEO of the Massachusetts Credit Union Share Insurance Corporation ("MSIC"), I am writing in support of the profound importance of maintaining the FHLBanks' mission to provide reliable liquidity and funding, as well as, to offer programs which support home financing and community development to member financial institutions.

MSIC was founded in 1961 under a special purpose charter of the laws of the Commonwealth of Massachusetts to provide a co-operative insurance program for Massachusetts-based credit unions. MSIC also provides management and capital assistance to its member credit unions, and serves as the receiver for the Massachusetts Commissioner of Banks, in the case of a failing credit union. In MSIC's 63-year history, no consumer depositor in a MSIC insured credit union has ever lost any savings. As of March 31, 2024, MSIC insured 71 credit unions which held \$32.9 billion in assets and served over 1.7 million consumers. As of March 31, 2024, MSIC insured approximately \$2.6 billion of excess shares and deposits at its member institutions.

By operating a successful program of full deposit insurance above federal insurance provided by the NCUA, MSIC provides a powerful tool for the management of the liability side of a member credit union's balance sheet. A consistent book of business in excess deposits provides member credit unions with a substantial source of liquidity and funds necessary to achieve their mission of providing high quality loans to consumers. So, while MSIC does not provide funds for residential housing finance, MSIC's purpose enables its members to obtain the necessary liquidity to provide this funding. Organizations, such as MSIC, which provide liquidity to support housing and community development should be included in the FHLB's overall mission.

Of the 71 MSIC member credit unions, 55 are also members of the FHLB. These 55 credit unions have depended on the FHLB's various liquidity resources to assist them in providing mortgage products to their consumer members, many of whom are first-time homebuyers or low- and moderate-income homebuyers. Loans held on the balance sheets of MSIC FHLB member credit unions totaled over \$24.3 billion as of March 31, 2024, representing an increase of \$3.9 billion in a two-year period from March 31, 2022. During this same time-frame these same MSIC FHLB member credit unions increased their total first lien 1-4 family residential mortgage portfolios by \$1.4 billion to \$11.8 billion and in addition their junior lien 1-4 family residential mortgage portfolios by \$801 million to \$2.5 billion. These totals do not include 1-4 family residential mortgages originated by these same MSIC FHLB member institutions which were sold into the secondary

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market or through the FHLB's Mortgage Partnership Finance ("MPF") Program of which, as of March 31, 2024, nine of these MSIC FHLB member credit unions have over \$532 million in mortgage loans outstanding. The FHLB MPF program has provided these credit unions with an excellent tool for long-term asset/balance sheet management, interest rate risk management, liquidity to make new mortgage loans and other income generation by receiving servicing income by being able to sell mortgages through the FHLB MPF Program while retaining servicing and member contact.

In addition to deposits, funding sources, for the loans and mortgages originated by these MSIC FHLB member credit unions came from borrowings from the FHLB. MSIC FHLB member credit unions increased their FHLB borrowings during this same 2-year period ending March 31, 2024, by \$1.3 billion to a total of \$2.7 billion. FHLB borrowings have been a necessary and reliable source to provide the liquidity these MSIC FHLB member credit unions required during the past 2 years of rapidly rising interest rates and consumer deposit volatility. Therefore, FHLB borrowings have been necessary for our member credit unions to address housing needs, to serve borrowers and homeowners and to strengthen the local economies of the communities where they are located.

In addition to being an extremely important and dependable resource to our member credit unions, the FHLB and specifically our borrowing ability at the FHLB are vital to MSIC's successful operation of its excess deposit insurance program and its mission to assure the stability of our member credit unions during periods of liquidity stress should the need arise for MSIC to assist a troubled member credit union. Therefore, advances to organizations, such as MSIC, should be included in the FHLB's core mission activities.

In summary, we at MSIC are in full support of the FHLB's mission to provide reliable liquidity and funding and are confident, as demonstrated in the foregoing discussion, the FHLBanks are fulfilling their mission of providing liquidity to member financial institutions in support of housing and community development. We encourage FHFA to maintain the FHLBanks mission as established when Congress passed the Federal Home Loan Bank Act in 1932.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael C. Hanson".

Michael C. Hanson
President & CEO