



MIDMINNESOTA
FEDERAL CREDIT UNION

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Request for Input – FHLB Core Mission Activities and Mission Achievement

Mission Statement Questions 1 and 2:

The FHLBank System and its mission was created by Congress in 1932. Their Core Mission Activity is to play a crucial role in supporting liquidity in the housing finance system through their provision of secured advances to member institutions. This liquidity supports mortgage lending activities, thereby contributing to the stability and affordability of the housing market. Furthermore, their commitment to affordable housing initiatives is commendable. By facilitating financing for affordable housing projects and collaborating with housing finance agencies, the FHLBs actively promote broader access to homeownership and rental opportunities for low- and moderate-income households. It is our belief that any changes to the system's mission should be determined by Congress not the FHFA.

Our partnership with FHLB has provided us with that liquidity when needed to continue to fund our loans to our members. Without the ability to pledge our mortgage loans as collateral for a line of credit would tremendously impact our ability to serve our members.

Measurement of Mission Achievement

The addition of all these measurements could be putting the FHLB system in a "box" which would be restrictive with continual economic landscape changes. Through their programs they provide us with the products and services to meet the volume of unmet housing and community development needs in our fields of membership. Each geographical area has different needs and finding a common measurement that fulfills all could be very counterproductive to these unmet needs. They must be allowed flexibility to manage their banking system while maximizing the ability to provide the valuable resource for liquidity.

Member Incentive Program

The answer to this question is a continuation of the above two answers. The Federal Home Loan Bank liquidity is extremely important to our financial institution. We strongly urge the FHFA to continue to have the same access to its members to FHLB services as they do today. An incentive program could have unintended consequences in areas where the unmet needs have occurred. A financial institution in that area may not have as high of an incentive level, making their access to FHLB limited or expensive and restricting their ability to meet those needs.

In summary, for over 90 years, the FHLB system has served as a reliable and critical source of funding to their members through all economic cycles and has provided important financial stability to the broader financial system. The system works well and has proven so repeatedly.

Bob Gerads, President/CEO

7/15/24