

I had the opportunity to read the FHFA's recently issued document "Request for Input: Federal Home Loan Bank Core Mission Activities and Mission Achievement" (RFI), and I appreciate that you are inviting interested public parties to provide comments.

Your innovative approach to thinking about your role as the FHLBanks' regulator as well as your focus on being a champion for affordable housing are both admirable.

What is also admirable and important to keep in mind is that under your leadership as safety and soundness regulators, the system is strong; all eleven of the FHLBanks are financially healthy as evidenced by their strong financials, and all are fully committed to their mission, as evidenced by their significant contributions to affordable housing, both as mandated by Congress and on a voluntary basis. I know it is important to you that the system and each individual Bank continue to remain strong and viable.

As you evaluate the various inputs you receive on this RFI and continue to think about steps you might take regarding the FHLBs' definition of mission and metrics to measure their adherence thereto, I hope you will consider the following:

1. The FHLBs are wholesale lenders and not consumer/retail lenders, nor are they affordable housing government entities. The FHLB system was created by Congress, and Congress defined their mission, membership criteria, and what portion of their earnings are directed into affordable housing. Clarity should come from Congress regarding what role the FHFA, as the FHLBanks' regulator, really has, if any, in modifying that mission.

2. The RFI discusses a potential new mission achievement metric tied to the value of the FHLBanks' GSE status. The value of something like GSE status could be affected by many variables, any of which might vary over time and be unrelated to the activities of the FHLBanks; e.g., political temperature and view of the current US Presidential Administration, current and forward interest rates, general health of financial markets and business climate, tax climate, and others. Value of GSE status is not easily or accurately measured by a simple and transparent calculation. The current Core Mission Asset ratio is simple to compute, easy to understand, and relevant to evaluating mission achievement as Congressionally defined.

3. Before implementing any new definitions and regulatory metrics related to mission, how can you assure that the outcome of those changes will be positive, and significant and sustainable enough to outweigh the increase in costs and work efforts for the Banks to comply, and for your examiners to adequately and appropriately examine new requirements and metrics? The FHLBank system is based on a brilliant and simple business model that has successfully over time contributed significantly to liquidity in the financial markets, affordable housing, and community and economic development.

Innovation and change can be good, but not if it overcomplicates and upsets the delicate balance and effective business model that has consistently delivered on its commitments.

Thank you for the opportunity to comment.

Best regards,

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