



September 7, 2022

Federal Housing Finance Agency
400 7th Street, SW
Washington, D.C. 20024

Dear Honorable Sandra L. Thompson,

You recently announced your plans for a comprehensive review of the Federal Home Loan Bank System. As I will be unable to participate in person or virtually, I am writing this letter of support for the Federal Home Loan Bank of Chicago (FHLBC) and their role in the overall system. I am President & CEO of The Havana National Bank, FHFA ID #13778, and we are members of FHLBC.

I would like to specifically address item #4 “the unique needs of rural and financially vulnerable communities,” of the six key areas that you are seeking feedback per your news release on August 31, 2022. We are located in west central Illinois on the Illinois River and have always been an Ag Bank. We have five other locations in very similar communities all within 25 miles of Havana. To be direct, this area that we serve is on the economically poor side of household incomes both on the state and Federal levels. At one time, our county, Mason, was in the bottom five of the state in household income statistics. Thus, I would say that we definitely serve a “financially vulnerable” set of communities. That is where FHLBC fits in our picture. Our bank has worked very closely with the FHLBank of Chicago to provide critical funding to support our agricultural lending programs. As 70% of our loans are tied directly to the Ag industry, our relationship with the FHLBC has been critical to our success as they have provided us with a convenient source of liquidity to help meet our borrowing demand. Our farm customers depend on the availability of competitive financing to support their operations and capital expenditures. Our bank’s ability to borrow competitively through the FHLBC, especially pre-pandemic times when liquidity was not so plentiful, allows us to pass on competitive rates to our Ag borrowers. They in turn hire local help and support the local farm supply and farm implement businesses that in turn also hire local to operate their businesses. It is safe to say that FHLBC provides a big boost in making the ag cycle work in our little corner of the world. The indirect impact of the FHLBC’s involvement in this process cannot be quantified; however, I know that it helps this rural area of Illinois economically. I would also add that FHLBC is well secured with our farmland loan portfolio used as collateral for our bank’s borrowings.

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In talking with my fellow Illinois bankers through my role as current chairman for the Community Bankers Association of Illinois (CBAI), I know that the FHLB System is a valued tool for urban and rural banks throughout the country, regardless of what Daniel K. Tarullo and others may say, who are mistakenly challenging the mission and structure of the FHLB System. The FHLBank Chicago's mission to deliver funding and support to its members and the communities that they serve is critical to the financial system. FHLBC's continued innovation to create new programs to address affordable housing and equitable access opportunities for their members and the communities that they serve is proof of their value to the financial systems. Thus, I feel strongly about the Federal Home Loan Bank system and its importance to the communities in which its member banks throughout Illinois and the country operate. I therefore ask that policymakers like yourself leave the integrity of the current FHLB System in place. After your comprehensive review, I hope to see that the regional structure, the membership requirements, and the unique purpose of the FHLBs remain unchanged. I urge you to not disrupt the FHLB System that through its services supports The Havana National Bank and thousands of others throughout the country.

Thank you for your consideration. I look forward to reading the results of your comprehensive review, which I am certain will echo my thoughts above.

Sincerely,

/s/

Jeffery A. Bonnett
President & CEO