



Federal Housing Finance Agency (FHFA)
400th Street, SW
Washington, D.C. 20024

Re: FHLBank System at 100: Focusing on the Future

Dear Director Thompson:

Thank you for the opportunity to comment on the future of the Federal Home Loan Bank of Des Moines and the FHLBank System. As President of the Independent Community Banks of North Dakota (ICBND), an association representing over 50 community banks of various sizes in North Dakota, I am well aware of the pivotal role community banks play in serving the families and businesses in their communities. The FHLBank System has been a key part in helping community banks drive economic development and housing in the communities they serve for 90 years. As such we would urge FHFA to first do no harm to a system that's safe and sound and fulfills its mission today.

ICBND member banks provide the local knowledge including contact with local builders, small businesses, economic development officials and community leaders while the FHLBank System provides the liquidity needed to get these projects done. If this funding source was not available, it could potentially hinder our community bank members' ability to make loans, and they would have to scale back on many services that allow them to give back and make a real difference in their communities.

During the pandemic, many of our community bank members turned to FHLB Des Moines to assist when bank customers sought to delay their loan payments. So much was unknown as many businesses shut down and bank customers were concerned about losing their jobs and that their income could be negatively impacted. Community banks in North Dakota gave their customers the opportunity to defer payments and conserve cash flow so they could have a cushion for their families and some peace of mind. Community bankers were proud to empower their customers with payment options that met their financial needs at the time.

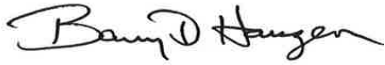
The ability for community banks to access advances during times of economic stress and uncertainty or when there are opportunities to increase lending, participate in a local project, or help first time homebuyers is critical for our member banks as they serve their communities. While some have suggested the system doesn't meet the needs of today's market, our members, who provided the capital to the system, would suggest just the opposite. The system does work and it works very well. That is why ICBND is focused on keeping the FHLBank System safe and sound. Dealing only with prudentially regulated institutions and allowing only certain types of collateral, which can be readily sold, go a long way to keeping the system safe. ICBND believes the introduction of non-regulated entities and potentially volatile forms of collateral will lead to increased risk within the system. This includes the increased possibility of losses (which have been avoided for 90 years) or a failure of a FHLB thereby increasing the costs for all who use it.

The FHLBank System must remain a strong, stable, and reliable source of funding for community banks and as such ICBND opposes any changes that would: (1) compromise the system's regional and cooperative structure, (2) permit non-depository entities which are not prudentially regulated to access the FHLBank System's programs or services, or (3) consolidate the system without the grassroots leadership of its member-owners.

ICBND supports changes that can improve the operational efficiency of the system such as making it easier for bank members to pledge collateral with electronic signatures as well as initiatives that would prudently help increase the amount of affordable housing support in rural and small-town communities.

The FHLBank System is a critical element of the nation's financial infrastructure and its unique business model has ensured they are here for community banks and their communities in all economic cycles – in both critical and stable times. That is the purpose of the system.

Sincerely,

A handwritten signature in black ink that reads "Barry D. Haugen". The signature is written in a cursive, flowing style.

Barry D. Haugen, President
Independent Community Banks of North Dakota