



October 20, 2022

*Delivered Electronically*

The Honorable Sandra Thompson, Director  
Federal Housing Finance Agency  
Constitution Center  
400 7th St., SW  
Washington, DC 20219

RE: FHFA review of the Federal Home Loan Bank System

Dear Director Thompson:

I write on behalf of the Nebraska Bankers Association (NBA) to provide comments on the FHFA review of the Federal Home loan Bank (FHLB) system. The NBA is a trade association representing 158 of the 168 commercial banks and savings institutions in the state of Nebraska.

I want to thank the FHFA for its leadership and oversight to ensure that FHLB's remain a reliable funding source for banks in Nebraska. We appreciate the opportunity to provide input through this comment letter.

FHLB's are a vital component of the country's financial infrastructure. The availability of FHLB financing in all economic cycles is critically important to the ability of Nebraska banks to address the needs of their customers and their communities.

The Federal Home Loan Bank of Topeka (FHLB Topeka) has been a great partner with Nebraska banks and has provided consistent access to funding necessary to meet its mission to promote community and economic development.

FHLB Topeka works constructively with Nebraska's community banks fulfilling its mission to support members, enhance the stability of the financial system and the economic betterment of consumers. Nebraska's community banks utilize a multitude of FHLB Topeka products and services, including:

- Fixed-rate advances which provide a stable, reliable source of funding;
- Adjustable-rate advances which help bank's manage interest-rate risk; and
- FHLB letters of credit to satisfy collateral requirements for the safety of public funds.

Nebraska banks benefit from the experience and expertise provided by FHLB Topeka which assists banks in managing their balance sheets and risks and achieving their strategic objectives within their communities, and with their customers. FHLB advances are also integral to banks' ability to finance residential mortgages and multifamily housing, allowing local banks to help fulfill the dreams of first-time home buyers.

While it is appropriate to review and consider how the FHLB's mission and role can be enhanced, we recommend that the FHFA proceed cautiously in making any changes to a program/system that has been immensely successful. The FHLB system has worked well for over 90 years, without sustaining credit losses. The FHLB banks provide a reliable and stable source of funding, particularly in times of economic downturns when members have the most need for the liquidity that FHLB's provide. We would also suggest that the cooperative nature of the FHLB should be preserved along with the existing regional structure of the FHLB system as it ensures flexibility and responsiveness to meet local member needs.

In conclusion, the NBA appreciates the opportunity to comment and express our recognition and appreciation of the importance of FHLB's to banks in Nebraska and to the communities in which they serve.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard J. Baier".

Richard J. Baier  
President & CEO

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