

October 20, 2022

*Delivered Electronically*

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
Constitution Center  
400 7th Street, SW  
Washington, D.C. 20219

Dear Director Thompson:

The undersigned presidents and chief executive officers representing community banks across Pennsylvania thank you for the opportunity to provide comments as part of FHFA's comprehensive review of the Federal Home Loan Bank System.

Pennsylvania is home to 2,560 municipal communities. This total is second highest nationally, behind only Illinois. These small communities rely on the commonwealth's 120 community banks to serve their small businesses and help their residents finance their mortgages. The relationships developed between our members and their customers are personal because our customers are our neighbors, a fact which was evidenced during the pandemic when our members acted to save more than 150,000 jobs.

The work community banks perform in developing and serving their customers requires a strong partnership between our members and the Federal Home Loan Bank. Over their 90-year history, the FHLBanks have provided critical liquidity to many community lenders, including our members, that often do not have access to other sources of low-cost funding, especially in stressed market conditions.

The value of FHLBanks to our members is incalculable as they provide liquidity to help us serve both rural and urban markets with financial services for individuals and families in these traditionally underserved areas. Whether it's a bank with an asset size of \$100 million in urban Philadelphia targeting the underserved in the city or a DeNovo bank in Lancaster County serving the unbanked in the Amish community; FHLB plays a key role in the operations of our members.

In our experience, the success of FHLB in assisting community banks with their essential role in the nation's banking system is due to the cooperative nature and regional structure of the FHLBank. This regional structure enables each FHLBank to respond to local needs, and design products and services tailored to the communities we serve. It also helps ensured that community banks have strong representation on the FHLBank Pittsburgh board of directors.

The representation provided to our members and community banks on the board allows for implementation of programs tailored to the unique needs of small financial institutions in the Commonwealth. This includes recent voluntary programs such as a special purpose credit program under the Banking on Business program or affordable housing with the First Front Door Program.

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A key reason for our members involvement in the FHLB system is the FHLBank's low-risk model. The lack of risk is based on a simple fact that primarily all members of the FHLB are prudentially regulated.

We would have significant concerns if membership was expanded to allow entities which are not prudentially regulated to access FHLB programs or services.

As FHFA continues its review we urge the agency to maintain the cooperative nature and regional structure of the FHLBanks and avoid expanding membership in the bank in such a way to increase risk in the system. By maintaining these components of the system, the agency would ensure that FHLBank can still provide essential liquidity and respond to local needs, and design products along with services tailored to the communities served by their members.

Sincerely,

Tom Bailey  
President and CEO  
Brentwood Bank

Jeffrey R. Blair  
President and CEO  
Greenville Savings Bank

John T. Coleman  
President and CEO  
Tioga-Franklin Savings Bank

Sean Cook  
President and CEO  
Somerset Trust Company

Charles B. Crawford Jr.  
Chairman and CEO  
Hyperion Bank

Joe. Corrato  
President and CEO  
Sharon Bank

Scott Daum  
President and CEO  
First United National Bank

Lance Diehl  
President/CEO  
First Columbia Bank

John C. Dill  
President and CEO  
Marquette Savings Bank

Phil Freeman  
President and CEO  
Reliance Bank

Robert J Glunk  
President/CEO  
Muncy Bank and Trust

James Kifer  
President and CEO  
Clarion County Community Bank

Tim Kronenwetter  
President and CEO  
InFirst Bank

Joesph W. Major  
Bank Leader/CEO  
Victory Bank

Bruce Kurtz  
President and CEO  
Slovenian Savings and Loan of Cannonsburg

Tim Henry  
President and CEO  
F&M Trust Co.

Lori Maley, CPA  
President and CEO  
Bank of Bird in Hand

William C. Marsh  
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Farmers National Bank of Emlenton

Brendan J. McGill  
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Harleysville Bank

John Nigrelli Jr.  
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United Savings Bank

Gary Olson  
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ESSA Bank and Trust

Troy A. Peters  
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Jonestown Bank and Trust

Linda Roehner  
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Kevin Schmidt  
President and CEO  
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Timothy Snyder  
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Fleetwood Bank

Brent Whitig  
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Iron Workers Savings Bank

Louis Vuckovich  
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Jeane M. Vidoni  
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Penn Community Bank

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Evelyn Small  
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Daniel Moon  
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SSB Bank

William Bussom  
President and CEO  
The Turbotville National Bank

John Montgomery  
President and CEO  
Community Bank

Terry L. Foster  
President and CEO  
MCS Bank

Janak Amin  
President and CEO  
Presence Bank

Rory Ritrievi  
President and CEO  
Mid Penn Bank

Sidney O. Smith  
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Joan Dickinson  
Executive Vice President and Chief Retail Officer  
Mid Penn Bank

Douglas Darlington  
President and CEO  
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