

October 24, 2022

Ms. Sandra Thompson
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Director Thompson:

I write in response to the Federal Housing Finance Agency's announcement of a comprehensive review of the Federal Home Loan Banks (the FHLBanks).

I have spent the past 42 years in community banking, 33 of those as a CEO of community banks serving rural Maine, and three years as the CEO of The Finance Authority of Maine. I am currently a director of The Skowhegan Savings Bank (after serving 12 years as CEO), a \$754.4 million savings bank that has served Central and Western Maine communities for 153 years. For the past seven years I have represented Maine as a board member of FHLBank Boston.

My comments below are focused on five areas of the FHLBanks: liquidity, governance, varied membership, regional structure and voluntary programs, and statutory programs.

Liquidity

Skowhegan Savings Bank is based in Somerset County, Maine, where the annual median family income is \$45,000. Other than for the recent covid-induced deposit increases, our markets have historically not had the deposit levels to meet the loan needs of the region. We are a portfolio lender, which allows us to better tailor our lending to the needs of our market. These factors contribute to our reliance on the FHLBank Boston for the funding to meet our loan demand and invest in our communities. If not for the access to FHLBank Boston funding, we would not be able to make the investments we do in our communities.

Governance

Both the financial and the housing and development industry of New England are represented on FHLBank Boston's board of directors, with eight member and seven independent directors. Our member institutions can be confident that the issues and concerns we share with other members, whether industry-based or housing and community development-based, are fully communicated and discussed.

Our members appreciate and value their partnership with FHLBank Boston and work in several ways to help improve and refine products and services. For example, the Member Advisory

Panel, which is composed of member lending officers and staff, meets regularly with FHLBank Boston leadership and Member Services staff to offer suggestions and feedback.

Varied membership

FHLBank Boston counts 425 members across New England: 141 savings institutions, 159 credit unions, 50 commercial banks, 71 insurance companies, and 4 CDFIs. Throughout its 90 years, FHLBank Boston has always been a safe, stable, and accessible source of liquidity. As of June 30, our members have collectively \$25.8 billion in advances (loans) outstanding and own more than \$1.2 billion in capital stock.

Regional structure and voluntary programs

The cooperative nature and regional structure of the FHLBanks enable each FHLBank to respond to local needs, and design products and services tailored to the communities served by their members. For example, in addition to providing liquidity and community development support, FHLBank Boston has created innovative voluntary programs that address job creation and retention, and support for homeowners, providing yet more support to the local economy.

The Jobs for New England program (JNE) subsidizes interest costs, allowing our members to provide discounted loans to support small businesses. Given the varying and evolving needs of small businesses and organizations during the global COVID-19 pandemic, FHLBank Boston pivoted to offer a tailored version of JNE, the JNE Recovery Grant program. Through the JNE Recovery Grant program, The Skowhegan Savings Bank secured a \$50,000 grant to support 10 local businesses and organizations in managing significant challenges due to the pandemic.

Statutory programs

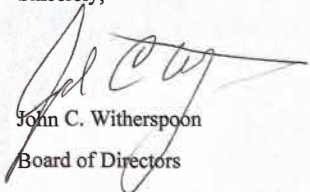
These voluntary programs help us serve our communities just as the more well-known, statutory FHLBank programs have done for decades. Since the Affordable Housing Program's (AHP) inception in 1990 through 2021, FHLBank Boston members have been awarded more than \$721.9 million in total subsidies and subsidized advances to create or preserve more than 35,340 affordable rental and ownership units throughout New England and beyond.

The rural communities we serve are especially lacking in affordable housing, so the AHP is of great value in the creation and rehabilitation of appropriate units. We were pleased to have partnered with the Kennebec Valley Community Action Program on the historic rehabilitation of an office building and construction of a new building for the creation of 40 affordable family apartments in Skowhegan.

For 90 years and counting, the FHLBanks have fulfilled their mission to serve as a source of liquidity for its members. In undertaking the review, the FHFA should take care to maintain three key principles: preserving the regional nature of the FHLBanks, maintaining members' current access to FHLBank products and services, and enhancing the value and importance of the FHLBanks to their members and the communities they serve.

Thank you for the opportunity to provide a comment on the review.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Witherspoon", with a long horizontal stroke extending to the right.

John C. Witherspoon

Board of Directors

Federal Home Loan Bank of Boston

Director

Skowhegan Savings Bank