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

Ms. Thompson,

On behalf of the Colorado Housing and Finance Authority (CHFA) I am writing today to provide input on our valued partnership with the Federal Home Loan Bank system (FHLBank Topeka) over the past two decades. As the Federal Housing Finance Agency reimagines the role of the FHLBank system we feel it prudent to make you aware of the ways we've partnered with FHLBank Topeka to further our vision of ensuring everyone in Colorado has the opportunity for housing stability and economic prosperity.

1. Secured warehouse line of credit: CHFA uses this line of credit as a short-term liquidity facility to finance mortgages for First-time and Low to Moderate Income borrowers. The loans CHFA makes are pledged as collateral on the FHLBank Topeka line for up to 90 days while loans go through the process of being pooled into mortgage-backed securities and then sold in the secondary market. The short-term, fixed-rate advances from the line have provided a lower cost of funds to CHFA than our other lines of credit. This lower borrowing cost to CHFA allows us to keep mortgage rates lower for the individuals and families we serve. This affordable line of credit has allowed CHFA to lend nearly \$15 billion to Colorado borrowers over the past two decades.

Two enhancements to this line of credit, which could help further our shared mission of investing in affordable housing, would be to (1) allow for online wire transfer requests, rather than having to call into FHLB Topeka for draws, and (2) allow CHFA to pledge loans as collateral for up to 120 days, allowing CHFA greater flexibility in accessing the capital markets and finding the most cost-effective long-term source of financing.

2. Standby Bond Purchase Agreements (SBPA): CHFA continues to be one of a handful of housing finance agencies that issues variable rate bonds to fund its mission. FHLB Topeka has continued to be a market leader in the SBPA space, offering liquidity facilities with the best rates and term-out provisions. Without FHLB Topeka's partnership CHFA could not continue to issue variable rate bonds because CHFA would be required to rely on lower rated banks as SPBA counterparties. This would result in higher rating agency stress runs, cash flow taps and worse term out provisions. FHLBank SBPAs allow CHFA to issue variable rate bonds, lock in savings and pass those saving on to our customers. Additionally, renewing SBPAs with FHLBank Topeka is very straight forward, whereas other banks charge large legal fees for renewals. Because FHLBank does not engage outside counsel and makes renewals virtually cost free CHFA is able to pass along those additional savings.

If these reasons were not enough, CHFA also benefits from being able to market our bonds with the backing of an FHLB Topeka SBPA. As a AAA rated entity, our bonds trade better in the capital markets with a FHLBank SBPA when compared to other private bank facilities.

3. Innovation: In February 2022 CHFA was the first HFA in the nation to close and deliver an eNote for a single family first mortgage. This would not have been possible without the partnership of FHLBank Topeka. The FHLB Topeka team was instrumental in helping CHFA be proactive in implementing new technologies and being responsive to the rapidly growing mortgage eClosing process.

FHLBank Topeka also introduced CHFA to “Send Secure” encrypted mail messages utilizing Transport Layer Security protocol. CHFA has since used this protocol when communicating and transferring documents to other financial institutions.

Again, CHFA’s vision is to ensure everyone in Colorado has the opportunity for housing stability and economic prosperity. We achieve this vision only by securing partnerships with like minded organizations such as FHLBank. Over the past two decades FHLB Topeka has stood by CHFA’s side as we’ve worked to address Colorado’s affordable housing and economic development challenges. As you look to reimagine the FHLBank system in the future we ask that you consider the valuable partnership, products, and services we’ve grown accustomed to seeing from the FHLBank System.

In partnership,

Cris White  
Executive Director / CEO  
Colorado Housing and Finance Authority