

October 27, 2022

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

Dear Director Thompson:

We, the undersigned executives of the banking trade associations serving members throughout the six New England states, write in response to the Federal Housing Finance Agency's announcement of a comprehensive review of the Federal Home Loan Banks (the FHLBanks.)

We focus our comments on three areas: membership and governance, the regional structure of the FHLBanks, and the partnership benefits provided by the FHLBanks.

Membership and governance

Our members, large and small, are commercial, savings and co-operative banks, federal savings banks, and savings and loan associations, representing just under 200 of the Federal Home Loan Bank of Boston's (FHLBank Boston) 425 members. These members have collectively borrowed more than \$25.8 billion in advances and own more than \$1.2 billion in capital stock as of June 30 of this year. Many of these members are small institutions that, without FHLBank Boston, would not have access to critical sources of liquidity, which helps them provide financial services for individuals and families in traditionally underserved areas.

Importantly, our members are well-represented on FHLBank Boston's board of directors by several industry leaders. These directors ensure that the prudent and conservative business model, long a hallmark of the FHLBanks, endures, thereby ensuring our members access to FHLBank Boston's services. Similarly, the independent directors that serve on the board hail from across our region and partner with our members to invest in housing and economic development in our communities.

Regional structure

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. FHLBank Boston's suite of housing and community investment programs allow our members to expand the region's stock of affordable housing and promote economic development.

The Affordable Housing Program (AHP) has led to the creation and improvement of more than 35,000 units of affordable housing throughout New England and beyond since 1990. The Community Development Advance program provides discounted fixed-rate financing to support affordable housing development, small business lending, and capital improvements. Here are just three examples of these invaluable programs:

- Working with a local nonprofit, Essex Savings Bank used an AHP subsidized loan and a direct grant to develop a mixed-use complex with 17 affordable apartments in an affluent Connecticut neighborhood.
- Woodsville Guaranty Savings Bank tapped an AHP subsidized loan and direct grant to help finance new construction of 28 townhouse-style apartments of workforce housing in rural New Hampshire. The project includes preservation of about 30 acres of the 45-acre site as conservation land.
- For several years, Cape Cod Five Cents Savings Bank has partnered with Habitat for Humanity of Cape Cod to create 76 affordable, single-family homes through a combination of construction financing and direct grants.
- Wells River Savings Bank used a Community Development Advance to provide financing to support small business initiatives in the Vermont counties of Caledonia, Orange, Windsor and Washington and the New Hampshire counties of Grafton and Coos.

Additionally, in response to member suggestions and commitment to their communities, FHLBank Boston has created innovative voluntary programs that address job creation and retention, and down payment assistance for homeowners, providing yet more support to the local economy. One of these programs, Jobs for New England, subsidizes interest costs allowing our members to provide discounted loans to support small businesses.

- Saco & Biddeford Savings Bank worked with a Maine company that designs and markets controls to hospital labs to build a new facility and create and retain jobs. The facility includes offices, labs, specialized manufacturing suites with controlled filtered air flow, conference rooms, and a distribution center. The company has grown to 50 employees and now has space for another 50.
- Jewett City Savings Bank used a discounted loan to help a woman-owned business in Rhode Island expand through acquisition of another business; six jobs were retained.

FHLBank Boston created Housing Our Workforce, a program that partners with members to provide income-eligible homebuyers with matching grants for down payments. Homebuyers can receive up to \$20,000 on a first-come, first-serve basis.

- Massachusetts-based Salem Five Bank has participated in HOW since 2019. The bank has assisted 11 homebuyers for a total of \$162,466 in grants to date.

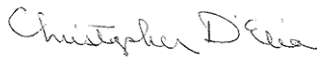
Partnership benefits

Our shared members appreciate and value their partnership with FHLBank Boston and work in several ways to help improve products and services. The Member Advisory Panel, which is composed of member lending officers and staff, meets regularly with member services staff to offer suggestions and feedback. This collaborative relationship is not limited to member institutions; each year, we trade association executives meet with FHLBank Boston leadership to stay attuned to Bank activity and to discuss issues in our respective states.

For 90 years and counting, the FHLBanks have fulfilled their mission to serve as a source of liquidity for their members. While it is reasonable to consider how this role may be enhanced, the essential mission and the regional nature of the FHLBanks must be preserved. Further, FHLBank Boston's housing and community investment programs were integral in aiding the recovery, resilience, and renewal of New England communities in the aftermath of the global pandemic. The FHLBanks' collective contributions to these efforts should be encouraged and the current members of the FHLBanks should continue to have access to its products and services.

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

Sincerely,



Christopher D'Elia, president and treasurer, Vermont Bankers Association



Kristy Merrill, president, New Hampshire Bankers Association



Thomas Mongellow, president, CEO and treasurer, Connecticut Bankers Association



Kathleen Murphy, president and CEO, Massachusetts Bankers Association



Patricia Oceau, executive director, Rhode Island Bankers Association



Jim Roche, president, Maine Bankers Association