
October 28, 2022

Sandra L. Thompson
FHFA Director
Federal Housing Finance Authority
400 7th St
Washington, DC 20024

Dear Ms. Thompson,

Thank you for providing Sammons Financial Group (SFG) with the opportunity to comment on the important role the Federal Home Loan Bank Des Moines (FHLBDM) plays in our organization. Our strong partnership allows SFG to support the housing market, invest in economic development, and provide vital liquidity to the financial system.

SFG through its two major subsidiaries, Midland National Life Insurance Company and North American Company for Life and Health Insurance who are members of the FHLBDM, offer a variety of annuity and life insurance products to our policyholders. Our partnership with the FHLBDM and our use of its funding program provides an important source of liquidity to support our insurance operations and strengthens our balance sheet, which further provides performance and stability to our policyholders.

Participating in the FHLB funding program allows SFG to buy collateral-eligible securities such as agency mortgage-backed securities (MBS) that provide capital for the home lending market. Without the FHLB funding program, it is less likely that SFG would purchase Agency MBS for its investment portfolio.

As of September 29th, 2022, SFG held \$3.6 billion of agency MBS and debentures as part of a \$6.3 billion collateral pool that supports \$4.6 billion in borrowing. SFG is generally the largest user of the funding program at FHLBDM and those advances generated nearly \$78 million in interest income during 2021 for FHLBDM.

The FHLB funding program allows SFG the opportunity to participate in the home lending market and meet our operational needs while providing FHLB a source of funding to reinvest into its various community lending programs and affordable housing initiatives.

SFG is exploring the addition of non-qualifying whole loan mortgages to our investment portfolio which would allow us to directly support the home lending market. This is a particularly important source of lending for self-employed individuals and small business owners who are often not eligible to utilize the conforming loan market. Being able to use these non-qualifying loans as collateral in the FHLB funding program would help SFG provide additional capital across the home lending spectrum.

In summary, we would ask the Federal Housing Finance Agency and Director Thompson to continue the long and mutually beneficial partnership between the FHLB system and the insurance industry. SFG looks forward to our continued support of FHLBDM as well as the home lending system and welcomes any opportunity to expand our relationship.

Sincerely,



Donald T. Lyons
Chief Financial Officer