

October 31, 2022

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



RE: FHLBank System at 100: Focusing on the Future

The Minnesota Bankers Association (MBA) appreciates the opportunity to comment on the future of the Federal Home Loan Bank system. The MBA is Minnesota's largest banking trade group, representing more than 95 percent of the state and national banks in Minnesota. The MBA is "The Champion for Minnesota Bankers," providing education programs, legal and compliance support, and government relations advocacy that helps ensure banks are best positioned to serve their customers and communities.

The MBA's membership includes banks of all sizes, including several large national banks and a handful of regional banks; though, the vast majority of our member banks are community banks. Minnesota has 320 banks with offices in the state and 263 bank charters. The median-sized institution has \$156 million in assets. One hundred twenty-four (47% of our total banks) have less than \$150 million in assets, while 52 banks (20% of our total) have less than \$75 million in assets.

The MBA appreciates the FHFA's direction and supervision to ensure the Federal Home Loan Banks (FHLBs) remain a strong and dependable funding source for banks. Most of the MBA's members are also members of the Federal Home Loan Bank of Des Moines and they have relied on its assistance in mortgage lending and economic development in their areas for the past 90 years. Because this relationship is so significant to our members, MBA opposes any disruption in the partnership between our member banks and FHLB of Des Moines. The FHLB of Des Moines' understanding of Minnesota's economy and business sectors, including our agriculture industry, is crucial to the success of our banks and their communities.

Our members are concerned about admitting non-depository entities into the membership because of their lack of regulation. Less-regulated entities and those without collateral to back their loans would put member capital in the FHLB system at risk. The FHLB's core mission should continue to be providing liquidity to members, their communities and the financial system.

Again, the MBA appreciates the opportunity to provide these comments. If you would like additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Joe Witt'.

Joe Witt
MBA President/CEO