



October 31, 2022

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

RE: FHFA Review of the Federal Home Loan Bank System

Dear Director Thompson:

I appreciate your receptivity for input regarding the FHFA's review entitled "The FHLBank System at 100: Focusing on the Future."

My name is Harold Reynolds, and I am the Chairman and CEO of BankSouth – a community bank of \$1.2B of size headquartered in Greensboro, Georgia. BankSouth has been an active member of FHLBank Atlanta since 1992. We regularly use advances to manage interest rate risk, for periodic liquidity needs, and the FHLBank's letter of credit to collateralize local Public Unit Deposits. Importantly, our significant residential mortgage lending is enhanced by accessing liquidity at the FHLB and our recurring usage of the Affordable Housing Program's down payment assistance programs. We also participate in FHLBank Atlanta's educational events and tap its subject matter experts.

BankSouth is often one of the largest investors of capital and liquidity for families and housing in the communities we are honored to serve. Often times, that investment would not be possible were it not for the dependability and stability of the Federal Home Loan Bank and the confidence we have in the well-regulated, long-term shareholders that up the FHLB's investors. As a highly regulated financial institution, primarily overseen by the OCC, but also by the FDIC, Federal Reserve and CFPB, we whole heartedly endorse the mission of the FHLB to cooperatively provide liquidity resources to the housing market through our well-regulated peers.

Primarily, it is our belief that housing is affordable when the overall housing market is stable, and the supply is plentiful. It is therefore also our belief that the mission and the stability of the FHLB - which was designed to help meet these important goals - is undermined when our government partners loosen membership requirements to include less regulated, less long-term focused membership into the FHLB system. This would result in the FHLB's liquidity going in directions that are far less impactful to the overall housing supply than the potential risk brought to the system. Similarly, artificially increasing the

requirement of the system's revenues being directed into affordable housing programs will do so at the expense of the FHLB's ability to invest its liquidity in the overall housing market and returning capital back to the institutions that have built the system and our local communities.

As a CEO directly involved in the FHLBank relationship, I view membership as an integral tool that offers us funding alternatives to manage the balance sheet, meet liquidity needs, with favorable terms, structure, and price that are usually unavailable from any other source. FHLBank Atlanta is a partner with us in helping us better serve BankSouth's customers and communities. We are aligned with the mission of FHLB Atlanta, we are committed to its success, and we count the FHLB as one of our strategic, reliable partners – all of which would be undermined when membership standards in the FHLB is loosened and its resources are mandated by constituencies far away to be directed away from the institutions and communities the system was originally designed support.

Respectfully,



Harold Reynolds

CEO

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