Director Thompson:

I want to start off by thanking you for the time and attention you are giving the FHLB system. It is a system that has worked diligently, reliably, and consistently behind the scenes for over 90 years and is the underpinning of the entire financial system. As you know, without the System, many financial institutions would simply not be in a position to weather the economic contractions and growth opportunities that invariably come. The underpinning to most communities are the local banks and credit unions. Without a stable, vibrant banking system, communities would simply not be as strong.

I live in North Dakota and recently retired after 37 years in banking. I am currently the chairman of the advisory board of the only state-owned bank in the country and I also serve on the board of Cornerstone Bank. I see first-hand, every day, the impact we- the banking professionals- have on the fabric of the community. Our entire state is made up of small communities. I also know first-hand how challenging it is to balance the variety of risks we are expected to take to serve our communities. Our desire is to serve our communities in the best ways possible for their individual and our collective financial stability, and remain a vibrant business for our employees and other main street businesses.

I respect we all have different opinions about what the FHLB system offers to its members and the communities they serve. I do, however, believe it is incumbent on me and my colleagues to offer our views of what is really happening on Main Street America. It’s unfortunate that the loudest voices appear to be those who have never been responsible for growing a business, make a payroll, support the little leagues, and help our neighbors navigate access to a complex banking system.

It’s also unfortunate that a number of the comments surfacing surrounding this review seem focused on housing alone. Without a mechanism to bridge the gap between an average savings account that has a life span of three years and an average mortgage that has a life span 10 times that, the option for the 30-year mortgage evaporates. That mechanism IS the FHLB system.

Without the FHLB system, we cannot do community development. Without the FHLB system, we cannot fund housing. It is that simple. The liquidity that the FHLB system provides financial institutions across the country is a core funding pillar for most community banks and credit unions. It is a key component to healthy commerce and a healthy rural America.

I implore you to heed the concerns from me through this letter and the thousands of other banking professionals through the ABA, ICBA, CUNA, and ACLI. Unintended consequences and irreparable damage are a real possibility. Please resist the urge to give in to the minority voices and demands for overhauling the system. Well intentioned as they may be, I would hate to see everyday Americans lose access to owning their homes or lose their dream of starting a business all in the name of progress. Thank you for your consideration on this matter.

Sincerely,

Karl Bollingberg

Director, Cornerstone Bank