M E M O R A N D U M

TO: Members of the Committee on Financial Services

FROM: Committee Majority Staff

DATE: July 16, 2026

SUBJECT: July 21, 2026, Subcommittee on Housing and Insurance Hearing: "Oversight of the Federal Home Loan Bank System"

On Tuesday, July 21, 2026, at 2:00 p.m., the House Committee Financial Services will hold a hearing in Room 2128 of the Rayburn House Office Building titled "Oversight of the Federal Home Loan Bank System." The following witnesses will testify:

- **Ms. Jill Naamane**, Director, Government Accountability Office
- **Mr. Ryan Donovan**, President and Chief Executive Officer, Council of Federal Home Loan Banks
- **Mr. Barry Lockard**, President and Chief Executive Officer, Cornhusker Bank, *on behalf of* the Federal Home Loan Bank of Topeka
- **Professor Kathryn Judge**, Harvey J. Goldschmid Professor of Law, Columbia University

This hearing will examine the structure, operations, and mission of the Federal Home Loan Bank (FHLB) system. The hearing will review how the 11 regional Federal Home Loan Banks (FHLBanks) support local financial institutions, community development, and housing finance through their cooperative structure and liquidity programs. It will also assess the role the Federal Home Loan Banks play in helping member institutions meet the credit needs of the communities they serve.

Congress established the FHLB system in 1932 to provide liquidity to savings and loan associations, which were then the primary sources of credit for home mortgages. The FHLB system is comprised of 11 individual regional Federal Home Loan Banks, which are cooperatives privately-owned by their member institutions—commercial banks, credit unions, insurance companies, and community development financial institutions. The Federal Home Loan Banks currently have approximately 6,500 members, who purchase stock in a Federal Home Loan Bank allowing them to borrow from that Federal Home Loan Banks as well as receive dividends on their stock. The 11 banks are organized by geographic district: Atlanta, Boston, Chicago, Cincinnati, Dallas, Des Moines, Indianapolis, New York, Pittsburgh, San Francisco, and Topeka.

The Federal Home Loan Banks fulfill their mission primarily by providing advances—secured loans—to their member institutions. These advances are collateralized by residential mortgages, agricultural loans, and small business loans that members pledge to the Federal Home Loan Banks. To protect against credit risk, the value of the pledged collateral must exceed the amount of the advance, providing a buffer against potential losses. The Federal Home Loan Banks also jointly own and operate the Office of Finance, which coordinates the sale of consolidated obligations or debt securities, the system's chief means of raising funds. Although each Federal Home Loan Bank operates independently, collectively they are jointly and severally liable for each other's debts.

Legislation Noticed:

1. **H.R. _____, the *Federal Home Loan Bank Mortgage Asset Modernization Act***: This discussion draft establishes freestanding statutory authority for the FHLBanks to purchase and hold mortgage loans acquired from their members as they do through the current regulatorily-allowed Acquired Member Asset (AMA) program. It also formalizes statutory rules for the credit risk management, eligible mortgage products, housing goals, and oversight and rulemaking authority for such AMA acquisitions by FHLBanks.

2. **H.R. _____, the *Federal Home Loan Bank Advances as Core Funding Act***: This discussion draft defines FHLB advances as a source of core funding for insured depository and credit union institutions.

3. **H.R. _____, the *Federal Home Loan Bank Membership Clarification Act***: This discussion draft clarifies the statutory requirements regarding FHLB membership, and prohibits the Federal Housing Finance Agency from expanding its regulatory authority to encompass balance sheet asset standards or other business or investment requirements for FHLBank member institutions.

4. **H.R. _____, the *Federal Home Loan Bank Capital Clarification Act of 2026***: This discussion draft clarifies the statutory capital framework for the FHLBanks, and provides greater consistency and certainty in how capital requirements are applied to the FHLBanks.

5. **H.R. _____, *a bill to increase the mandatory contribution amount of Federal Home Loan Banks to the Affordable Housing Program, and for other purposes* (Waters)**: This discussion draft increases the FHLBanks' statutorily required contributions to the Affordable Housing Program from 10 to 15 percent.