Written Testimony of

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Oversight of the Federal Home Loan Bank System

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Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee:

Thank you for the opportunity to testify on behalf of the Federal Home Loan Bank System. The Council of Federal Home Loan Banks is the trade association for the 11 Federal Home Loan Banks (FHLBanks), representing the FHLBanks at the national level and advocating for policies that strengthen the FHLBanks' ability to provide liquidity to member institutions and support housing finance and community development in the communities those members serve.

This hearing comes at an important time. The country continues to face severe housing affordability challenges, consolidation pressures that have eliminated more than half of commercial banks and savings institutions since 2004, and continuing uncertainty about the resilience of funding markets.

My testimony discusses three topics:

1. **The FHLBanks' history, its cooperative structure, core liquidity mission and safety and soundness record**, including the FHLBanks' distinctive role in the housing finance system;
2. **The FHLBanks' housing and community impact** through a broad toolkit that extends well beyond the statutory Affordable Housing Program (AHP); and
3. **A focused set of legislative and regulatory enhancements** that would increase the FHLBanks' impact and expand housing opportunities and improve the governance and operations of the System.

I. The FHLBank System: a brief history

Tomorrow marks exactly 94 years since the enactment of the Federal Home Loan Bank Act (Bank Act). Congress created the FHLBank System on July 22, 1932, at the depths of the Great Depression, to provide reliable liquidity to its member institutions through all economic environments — in good times, but particularly during the difficult ones. The Federal Reserve System, established in 1913, was built on a similar rationale: to prevent and manage bank failures by serving as a lender of last resort and injecting liquidity to maintain confidence in the nation's financial system.[1] Yet the Federal Reserve's tools were largely limited to its member commercial banks. The thousands of bank failures that followed its creation — more than 9,000 bank suspensions between 1930 and 1933 alone, and an average of more than 600 bank failures per year throughout the 1920s — demonstrated the need for additional mechanisms to provide liquidity and maintain confidence across the financial system.[2] The FHLBanks were designed to fill that gap by doing for thrifts and insurance companies – the primary mortgage lending institutions at the time – what the Federal Reserve did for commercial banks: provide a reliable source of liquidity to mortgage-lending institutions that did not have access to the Federal Reserve's discount window. [3]

The System was explicitly modeled on the Federal Reserve Act.[4] Crucially, Congress structured the System as a cooperative: the member institutions would own the banks, elect the directors, and govern the System themselves.[5] That design was deliberate. Congress believed that a reserve system run by its own members, rather than by the government, would be more responsive, more durable, and better

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[1] The Federal Reserve Act was signed into law on December 23, 1913. The Federal Reserve Bank of St. Louis has described the Fed as having been "initially created to address...banking panics" and to provide banks with "a source of emergency reserves to prevent the panics and resulting runs from driving them out of business." *History and Purpose of the Federal Reserve*, Federal Reserve Bank of St. Louis, available at stlouisfed.org. *See also* Federal Reserve Board, *System Stability* (noting the Federal Reserve's lender-of-last-resort function to "maintain confidence" in the banking system).

[2] *See* NBER, *Bank Failures*, c9276 (noting "more than 3,500 suspended after March 15, 1933" alone, drawing on *Historical Statistics of the United States*). *See also* D. Funderburk, "A Bit About Bank Failures" (noting that between 1921 and 1929, one in every 50 banks failed). When the Depression-era panics began, nearly 16,000 commercial banks — the majority of the banking system — were not members of the Federal Reserve System and therefore had no access to its discount window. *See* Federal Reserve History, *Banking Panics of 1930–31*, federalreservehistory.org.

[3] Federal Home Loan Bank Act, Pub. L. No. 72-304, July 22, 1932, codified as amended at 12 U.S.C. § 1421, *et seq.* President Hoover stated upon signing the Act that its purpose was "to establish a series of discount banks for home mortgages, performing a function for homeowners somewhat similar to that performed in the commercial field by the Federal Reserve Banks through their discount facilities." Statement of President Herbert Hoover on Signing the Federal Home Loan Bank Act (July 22, 1932), available at presidency.ucsb.edu.

[4] Representative Robert Luce of Massachusetts, the bill's chief House sponsor, stated in hearings that the FHLBank System "would expand the credit facilities in the building field as the Federal Reserve System created in 1913 and the federal farm loan system created in 1916 furnish credit to the commercial and agricultural fields, respectively." *Creation of a System of Federal Home Loan Banks*, Hearings Before a Subcomm. of the H. Comm. on Banking and Currency, 72nd Cong. 14 (1932) (statement of Rep. Luce). *See also* Congressional Research Service, *The Federal Home Loan Bank (FHLB) System and Selected Policy Issues*, R46499, at 2 (2025) ("Congress responded in 1932 by creating the FHLB system, analogous to the Federal Reserve System at the time, to provide short-term cash advances to mortgage-lending institutions."). By 1933, 40 percent of all home mortgage loans in the United States were in default. *See* Deborah Cohen and Robert Freier, Office of Finance, *The Federal Home Loan Bank System* 7 (1980).

[5] President Hoover's signing statement further noted: "The banks are to be owned and run by their members. In effect it is using the good offices of the Government and the Reconstruction Finance Corporation to set up cooperative action amongst these member institutions to mobilize their credit and resources." Statement of President Hoover, *supra* note 3. The Federal Home Loan Bank Act confirmed that member institutions would purchase stock, elect directors, and govern the regional banks. *See* 12 U.S.C. § 1427 (board composition and member elections).

aligned with the needs of the industry it served.[6] That model remains as powerful today as it did more than 90 years ago.

The FHLBank System is a central pillar of the U.S. housing finance system, providing daily liquidity to members and ensuring they have reliable access to liquidity in all market conditions. A 2025 Government Accountability Office (GAO) analysis confirmed that the FHLBanks "serve as reliable and consistent sources of funding for banks of all sizes throughout the financial cycle."[7] During every major financial disruption of the past four decades — the savings and loan crisis, the 2008 financial crisis, the COVID-19 pandemic, and the regional banking turmoil of 2023 — the System has provided countercyclical liquidity at exactly the moments when other funding sources contracted.[8] That consistency and reliability is no accident. The cooperative structure Congress chose in 1932 is the same structure in place today — member-owned, member-governed, and mission-driven.

That foundation is why the FHLBank System, today, is one of the nation's oldest and most durable pieces of financial infrastructure. The System, is comprised of 11 regional cooperative banks, which are owned and capitalized by their member institutions and the Office of Finance, which is a joint office of the FHLBanks. The FHLBanks provide reliable, fully secured funding to approximately 6,300 member financial institutions across the country, including banks, thrifts, credit unions, insurance companies, and Community Development Financial Institutions (CDFIs).

Members use FHLBank liquidity to support mortgage lending, multifamily finance, small business and agricultural lending, community development, interest rate risk management, balance sheet management, and contingency funding in their normal course of business and during times of market stress. By providing reliable access to secured funding in all economic conditions, the FHLBanks strengthen the financial resilience of members and promote stability in the broader housing finance system.

II. Core Liquidity Mission and Safety and Soundness

A cooperative structure serving the housing finance system

The FHLBanks are congressionally chartered, member-owned cooperatives. Their customers are their owners. They are not federal agencies, and they are not private firms organized for the benefit of outside shareholders.

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[6] The United States Building and Loan League (USBLL), the national trade association representing building and loan associations, had been advocating for a federal reserve-style system for mortgage lenders since at least 1919. The FHLB Act was largely drafted by USBLL Executive Manager Morton Bodfish. *See* Josephine Ewalt, *The Savings and Loan Story, 1930 to 1960: A Business Reborn* 50 (1962); Kenneth Snowden, *Mortgage Banking in the United States, 1870–1940*, Research Institute for Housing America, 75–76 (Oct. 2013). Of the 132 original directors of the regional FHLBanks, 91 were officers of building and loan associations. *See* Snowden *et al.*, *Finance, Intermediaries and Economic Development* 194 (Cambridge Univ. Press 2003).

[7] U.S. Government Accountability Office, "Federal Home Loan Banks: Benefits to Members and Considerations for Reform", GAO-26-107373, December 2025, at 15–16 (finding that the FHLBanks "are a reliable funding source for banks of all sizes" and that higher FHLBank borrowing is associated with more real estate lending and fewer bank failures).

[8] *See* Council of Federal Home Loan Banks, *2025 FHLBanks Impact Report* 13 (2025) (noting that "[t]hroughout all economic conditions, our liquidity provides a crucial foundation" and citing quarterly advances data showing countercyclical spikes during the 2008 financial crisis, the COVID-19 pandemic, and the March 2023 regional banking turmoil). Congress recognized the System's emergency liquidity function as early as 1987, when it expressly acknowledged in the Competitive Equality Banking Act "the special position of the FHLBanks as a lender of last resort." Competitive Equality Banking Act of 1987, Conf. Rep. 100-251, § 306(d) (July 31, 1987).

Each FHLBank serves a defined geographic district, but all 11 FHLBanks operate within a common statutory and regulatory framework. Members purchase capital stock in their district FHLBank and have access to FHLBank liquidity through advances (loans) and other products designed to support their funding needs. Advances are backed by eligible collateral, fully collateralized and structured through conservative credit and collateral practices.

The FHLBanks fund themselves primarily by issuing consolidated obligations in the capital markets through the FHLBanks' Office of Finance, which gives investors access to a substantial, liquid source of high-quality investments, while allowing the FHLBanks to deliver liquidity regionally through their district-based cooperative model. FHLBank debt is not an obligation of the United States and is not guaranteed by the United States.[9]

The FHLBanks support housing finance across a wide range of institution types that each play a distinct role in delivering capital to households and communities:

- **Banks, thrifts and credit unions** rely on FHLBank advances to help manage their balance sheets and originate and hold long-term residential mortgages (including illiquid 30-year fixed-rate loans that would otherwise limit institutions' ability to keep such assets on balance sheet), small business, and agricultural loans. They also use Acquired Member Asset (AMA) programs to help manage their balance sheets and sell residential mortgage loans.
- **Insurance companies** use FHLBank liquidity to fund long-duration housing and community development-related assets, including mortgage-backed securities and multifamily investments, contributing to the depth and stability of the mortgage market.
- **CDFIs** access FHLBank funding, including through voluntary discounted programs, to extend mortgage credit and community investment to low- and moderate-income borrowers who may not qualify for traditional loans.
- **Housing associates**, such as state and local housing finance agencies, use FHLBank programs and credit enhancement tools to expand affordable housing production.

Through the liquidity provided to member institutions, the FHLBanks function as connective tissue in housing finance, supporting single-family and multifamily lending, primary and secondary markets, urban and rural communities, and both large and small institutions. That breadth is what makes the FHLBanks resilient and what allows the FHLBanks to complement, rather than duplicate, the roles of the Federal Reserve, Fannie Mae and Freddie Mac, and private capital markets.

AMA programs are another core way the FHLBanks support housing finance, community financial institutions, and liquidity for members. Through AMA programs, the FHLBanks purchase qualifying fixed-rate single-family mortgage loans (often 15- to 30-year conventional or government-guaranteed or -insured loans) from members and housing associates that choose to sell loans into the secondary market rather than hold them in portfolio. These programs provide members with an additional source of funding, help them manage interest rate, prepayment, and credit risk, and allow community-based lenders to retain borrower relationships and servicing income. Importantly, AMA structures also align incentives by compensating participating financial institutions for sharing credit risk and originating high-quality loans, thereby supporting prudent risk management while expanding access to mortgage credit in local communities.

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[9] 12 U.S.C. § 1435 (providing that "all obligations of Federal Home Loan Banks shall plainly state that such obligations are not obligations of the United States and are not guaranteed by the United States").

The FHLBanks also support members and communities through standby letters of credit (LoCs), which provide a secure and cost-effective form of credit enhancement. LoCs help members attract and retain public unit deposits, such as tax receipts from state and local governments and school districts. LoCs allow members to pledge more flexible categories of loan collateral to their FHLBank in lieu of pledging specific security collateral to the municipality. This directly supports member liquidity needs. FHLBank LoCs also enhance the credit quality of affordable housing transactions, lowering the cost of multifamily housing bonds and other community development financings.

Safety, soundness, and a record of no credit losses on advances

Safety and soundness is not just about the absence of credit losses on advances; it is also about the FHLBanks' structure, capital, retained earnings, and conservative liquidity management.

The strongest evidence of the FHLBanks' safety and soundness begins with their structure: advances are always fully collateralized, with conservative margins, and secured by a perfected priority claim. Members must pledge eligible collateral such as residential mortgage loans, mortgage-backed securities, U.S. Treasuries, and other high-quality assets. The FHLBanks fund themselves through consolidated obligations backed by the joint and several liability of all 11 FHLBanks. All of these factors explain why a FHLBank has never taken a credit loss on an advance, including when a FHLBank lends to a troubled member institution. That fact should anchor any oversight discussion, because the ability of the FHLBanks to provide reliable liquidity across all economic periods, including times of financial stress, is not a flaw.

The combined financial position of the FHLBanks remains substantial. As of March 31, 2026, the FHLBanks reported $1.3 trillion in total assets, $734.3 billion in advances outstanding, and $77.4 billion in total capital in the combined financial report prepared by the Office of Finance.[10] The Federal Housing Finance Agency's (FHFA) 2025 Annual Report to Congress, released in June 2026, reported that all 11 FHLBanks were profitable in 2025, with aggregate net income of $5.6 billion, that the FHLBanks remained adequately capitalized throughout the year, and that retained earnings reached $32.7 billion at year-end 2025.[11]

A note regarding retained earnings

The FHLBanks' retained earnings are not a surplus sitting on the sidelines. Retained earnings are the member-owned capital that protects the System, its 6,300 members, the communities they serve, and the American taxpayers, from losses. They are the foundation that lets the FHLBanks keep providing low-cost advances and supporting affordable housing and community development in good times and bad.

Since the Great Financial Crisis, FHLBanks have focused on growing retained earnings. Notably, the FHLBanks' combined retained earnings was $2.9 billion on December 31, 2008.[12] The roughly 1,000 percent growth in retained earnings since 2008 is not accidental. It supports the FHLBanks' safety and soundness by protecting against potential loss in all economic conditions.

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[10] Federal Home Loan Banks, Office of Finance, *Combined Financial Report of the Federal Home Loan Banks for the Three Months Ended March 31, 2026,* at page F1, available at https://www.fhlb-of.com

[11] Federal Housing Finance Agency, *2025 Annual Report to Congress* at 18-29, available at https://www.fhfa.gov.

[12] Federal Home Loan Banks, Office of Finance, *Combined Financial Report of the Federal Home Loan Banks, for the Year Ended December 31, 2008,* at page 182.

The FHLBanks have also significantly bolstered their balance sheets with liquid investments, primarily consisting of interest-bearing deposits, fed funds sold, reverse repurchase agreements, and U.S. Treasury securities. As of March 31, 2026, the FHLBanks held liquid investments of $262.1 billion, a marked increase from $117.6 billion at year-end 2008.[13] These liquid investments enhance the ability of the FHLBanks to be reliable liquidity providers during periods of increased member demands. This was never more evident than during the 2023 banking crisis during which the FHLBanks delivered an over $200 billion increase in advances to members.

The reliable and cost-effective funding provided by the System directly benefits local communities throughout the country and strengthens the resiliency of the broader U.S. financial system. The GAO found that the FHLBanks play a key role as a funding source for small banks as a day-in, day-out liquidity provider and that higher borrowing from the FHLBanks was associated with more real estate lending and a lower likelihood of problem-bank status, failure, or voluntary closure among smaller institutions. GAO also found that federal banking agencies and the FHLBanks improved coordination after the 2023 bank failures, which is an important safeguard for future stress events.[14]

The fact that the FHLBanks can and do provide large amounts of liquidity during turbulent periods demonstrates not only how member institutions rely on funding from FHLBanks, but also the capacity of FHLBanks to provide liquidity even in times of financial stress. That is exactly what Congress designed the System to do. During periods when capital market participants pull back, deposit outflows accelerate, or other liquidity channels become uncertain, the FHLBanks continue to lend against collateral through standardized, disciplined processes. That is a stabilizing function that supports members, helps maintain the flow of credit, and strengthens the resilience of the financial system and communities that depend on continued access to credit.

Liquidity is the mission, and collateral ensures the housing nexus

The Bank Act established a network of regional, member-owned cooperatives to provide reliable, secured funding to institutions engaged in housing finance. Over the decades, Congress expanded the mission to include community lending by broadening the types of financial institutions eligible for membership, and the types of collateral that can be pledged for FHLBank funding. Congress did not create the FHLBanks to narrowly tie each new advance to an individual loan. It created a reliable liquidity system to serve as a source of stability for regulated financial institutions whose balance sheets and lending activities include mortgage and community credit. Providing liquidity is not incidental to that mission; it is the mechanism through which the mission is achieved.

Housing is and will always remain central to the FHLBanks' mission. The housing nexus is embedded directly in the collateral pledged to access FHLBank liquidity. As shown in the FHLBanks' combined financial statements for the first quarter of 2026, more than 96 percent of pledged collateral consisted of single-family whole loans or other real estate-related collateral.[15] FHLBank liquidity is, in effect, funding for housing-related balance sheets.

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[13] Federal Home Loan Banks, Office of Finance, Combined Financial Report of the Federal Home Loan Banks, for the Quarterly Period Ended March 31, 2026, at page 12; Federal Home Loan Banks, Office of Finance, Combined Financial Report of the Federal Home Loan Banks, for the Year Ended December 31, 2008, at page 69."

[14] U.S. Government Accountability Office, *Federal Home Loan Banks: Role During Financial Stress and Members' Borrowing Trends and Outcomes* at 20-27 (GAO- 26-107373, Dec. 2025), available at https://www.gao.gov.

[15] Federal Home Loan Banks, Office of Finance, *Combined Financial Report of the Federal Home Loan Banks for the Three Months Ended March 31, 2026* at 29, available at https://www.fhlb-of.com

Urban Institute analysis confirms the result. Advances are associated with higher levels of total lending and residential mortgage lending, and the FHLBank's liquidity support contributed to roughly $1.82 trillion in additional loans, including about $850 billion in additional residential real estate lending, between 2002 and 2024.[16] Urban Institute analysis also found that FHLBank liquidity supports the financial stability of members and their ability to maintain lending capacity, particularly during times of market stress.[17] Using advances for balance-sheet and liquidity management is precisely how the FHLBanks' public purpose is realized in practice.

The FHLBanks and the Federal Reserve are complementary

Although the FHLBanks and the Federal Reserve are often assumed to have overlapping functions, they have distinctly different statutory mandates and operations. The Federal Reserve conducts monetary policy, supervises and regulates banks, operates payment infrastructure, promotes consumer protection, ensures financial stability through stress testing, and provides discount window access for depository institutions. The FHLBanks, by contrast, provide ongoing secured liquidity through a cooperative structure to thousands of member institutions, not all of which have the same access to Federal Reserve credit facilities.

Federal Reserve lending is primarily overnight or very short term, focused on depository institutions, and used to implement monetary policy and provide contingency and emergency liquidity when markets are under stress.[18] The FHLBanks, by contrast, were designed to provide a broader, ongoing source of secured funding tailored to mortgage and community finance, including longer-term advances better matched to housing finance assets and member funding needs. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) expanded FHLBank membership to commercial banks and federally insured credit unions and reaffirmed the FHLBanks' role as a reliable source of liquidity for institutions engaged in housing and community lending.

Coordination between the two systems is essential, and it is improving. GAO reported in December 2025 that the FHLBanks and federal banking agencies, especially the Federal Reserve, have taken steps to strengthen communication and coordination since the 2023 bank failures.[19] The FHLBanks support continued progress on collateral mobility and operational coordination so that common members can move efficiently between liquidity channels as conditions require. We would like to acknowledge the partnership and support of Federal Reserve Vice Chairs Jefferson and Bowman in championing the Federal Reserve–FHLBank interoperability working group's efforts to strengthen relationships between the two systems and support the long-term success of our common members and the communities they serve. A financial system with both FHLBanks and Federal Reserve Banks is

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[16] Jung Hyun Choi, Laurie Goodman, Jun Zhu, et al., *The Value of the FHLBank System to Promote Housing and Community Development Lending* at v-vi, 10-39 (Urban Inst., Jan. 2026), and Jung Hyun Choi, Laurie Goodman, Daniel Pang, Kathryn Reynolds, and Jun Zhu, *The Value of the FHLBank System's Housing and Community Mission-Oriented Programs* at 30-36 (Urban Inst., May 2026)

[17] Jung Hyun Choi, Laurie Goodman, and Jun Zhu, *The Value of the FHLBank System to Bank Liquidity and Stability* (Urban Inst., Nov. 2025).

[18] Federal Reserve discount window lending to depository institutions is described by the Federal Reserve as supporting "the liquidity and stability of the banking system and the effective implementation of monetary policy," with primary credit available to generally sound depository institutions on an overnight or very short-term basis (up to 90 days) and secondary credit "extended on a very short-term basis, typically overnight" to meet backup liquidity needs during periods of stress. (see https://www.federalreserve.gov/regreform/discount-window.htm)

[19] GAO, *Federal Home Loan Banks: Role During Financial Stress and Members' Borrowing Trends and Outcomes*, GAO-26-107373 (2025).

stronger than one without these complementary institutions, which is why the United States has the strongest, most resilient financial markets in the world.

Public value substantially exceeds any implicit advantage

The many benefits the FHLBanks have delivered to every community in America have come at no out-of-pocket costs to taxpayers. A 2026 Urban Institute three-part study found that the FHLBanks generate between $94.2 billion and $133.2 billion in annual economic value through crisis prevention, increased lending activity, and mission-oriented housing and community investments.[20] That work concludes that FHLBank membership reduces bank failure risk by about 10 percent, that the FHLBanks provide $13.2 billion to $21.4 billion in annual stability benefits by lowering the likelihood and severity of financial crises, and that targeted housing and community programs deployed more than $147 billion between 2015 and 2024.[21] The public benefit is real, measurable, and far larger than the Congressional Budget Office's 2024 estimate of the FHLBanks' implicit market advantage.[22] In short, the FHLBanks are a congressional success story.

Collateral priority supports stable resolutions

While Congress conveyed priority lien status to the FHLBanks through the Competitive Equality Banking Act of 1987, the practical effect of that statutory lien has been significantly narrowed by subsequent changes in commercial law[23] and by the FHLBanks' own collateral practices. In practice, the FHLBanks obtain a perfected security interest in collateral pledged for advances, typically through blanket lien agreements and Uniform Commercial Code financing statements, and that perfected security interest gives them priority over other lien creditors on that collateral if a member fails. This structure has been in place for decades and is one of the reasons that FHLBanks are able to provide liquidity in times of market stress and have never taken a credit loss on an advance.

Recent GAO analysis of proposals to modify or eliminate statutory lien provisions concluded that changes to the Uniform Commercial Code adopted in 2001 already limit the practical effect of the statutory "super lien" to extremely rare situations. GAO did not find evidence that FHLBank lien priority has systematically increased resolution costs or encouraged unsafe lending; rather, it found that higher FHLBank borrowing was generally associated with more real estate lending and a lower likelihood of distress outcomes among small banks. Additionally, Urban Institute analysis estimated that absent FHLBank liquidity support, losses to the Deposit Insurance Fund could have been approximately $950 million higher annually during the 2000-2024 study period, attributing the estimated savings to a lower likelihood of bank failure and distress among smaller institutions.[24] A Federal Reserve Bank of New York study of the 2023 bank failures found that 22 banks experienced runs in that period, and "almost all run banks borrowed from Federal Home Loan Banks." Bank

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[20] Jung Hyun Choi, Laurie Goodman, and Jun Zhu, *The Value of the FHLBank System to Bank Liquidity and Stability* 32 (Urban Institute, Nov. 2025); Jung Hyun Choi, Laurie Goodman, Jun Zhu, et al., *The Value of the FHLBank System to Promote Housing and Community Development Lending* 38–39 (Urban Institute, 2026); Jung Hyun Choi, Laurie Goodman, Daniel Pang, Kathryn Reynolds, and Jun Zhu, *The Value of the FHLBank System's Housing and Community Mission-Oriented Programs* 35 (Urban Institute, May 2026).

[21] Choi et al., *The Value of the FHLBank System's Housing and Community Mission-Oriented Programs* v, 33–35 (Urban Institute, May 2026).

[22] Congressional Budget Office, The Role of Federal Home Loan Banks in the Financial System, March 2024, Publication No. 60064, available at https://www.cbo.gov/publication/60064.

[23] U.C.C. § 9-312(a).

[24] Choi et al., *The Value of the FHLBank System to Bank Liquidity and Stability* 32–33 (Urban Institute, Nov. 2025).

failures reduce the availability of credit to customers and impose costs on not only the industry, but the broader economy as well. As the study notes, the number of banks that experienced runs was 10 times the number that failed during that period. In such periods of stress, FHLBank advances serve as a privately capitalized buffer that help ward off contagion in the banking industry.[25]

The FHLBanks' perfected security interest performs the same function as other secured lending arrangements across the financial system: it ensures that institutions providing fully collateralized liquidity can be repaid from the collateral pledged for that purpose, which in turn supports continued lending and stability when funding markets are under stress.

III. FHLBanks impact housing and community development through a broad toolkit

The FHLBanks have long played an important role in addressing housing affordability and community development in ways that reflect their cooperative structure. They work through member institutions that know their markets, underwrite local risks, and can combine FHLBank liquidity with federal, state, local, and private funding streams. That intermediation model is critical in a country where housing finance conditions vary sharply by region and institution type. It allows mission programs, discounted funding, and liquidity tools to be deployed through institutions that are close to communities and that can layer FHLBank support with tax credit equity, state housing trust funds, local bond programs, and private capital.

The FHLBank housing toolkit

In 1989, Congress passed FIRREA, which both created the Affordable Housing Program (AHP) and opened FHLBank membership to commercial banks and credit unions for the first time. Those two decisions, taken together in the same legislation, set the trajectory for a larger, more diverse System. And because AHP is funded as a percentage of each Bank's net income, a more active and broadly membered System would generate greater affordable housing contributions over time.

The model created has been one of shared successes. As the FHLBank System grew larger, the System's contributions to AHP have grown in steady proportion. Each FHLBank contributes at least 10 percent of prior-year net income to their AHP, and since 1990 the FHLBanks have delivered more than $9 billion through the program, making AHP the nation's largest source of privately funded grants for housing and community development. AHP subsidizes the acquisition, construction, rehabilitation, and preservation of affordable rental and owner-occupied housing through both a General Fund and Homeownership Set-Aside programs that assist income-qualified households with homeownership, home rehabilitation, and disaster recovery.

But AHP is only one component of a broader housing support toolkit built by each FHLBank over time. Beyond AHP, the FHLBanks support housing and community development through several other programs:

- **The Community Investment Program (CIP)** and **Community Investment Cash Advance (CICA) program**, which provide below-market advances for affordable housing and targeted economic development.

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[25] Federal Reserve Bank of New York, *Tracing Bank Runs in Real Time* (March 2024), available at https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1104.pdf?sc_lang=en

- **Acquired Member Asset (AMA) programs**, which give community lenders a secondary market outlet for mortgage originations and help small depository institutions remain competitive in the mortgage business.
- **Standby letters of credit**, which enhance the credit quality of affordable housing bonds and public unit deposits.
- **Voluntary district programs,** which are funded from FHLBank earnings, allow each FHLBank to tailor initiatives to local needs, from disaster recovery to workforce housing to CDFI support.
- **Investment activities** that leverage the FHLBanks' balance sheets to purchase mortgage-backed securities and support housing bond issuance.

Together, these programs form a portfolio of housing and community development support that can respond to a wide range of local conditions.

Voluntary programs

In addition to fulfilling their statutory AHP obligations, the 11 FHLBanks have chosen to dedicate additional earnings to voluntary housing and community development initiatives tailored to meet local needs. In recent years, the FHLBanks have contributed, on average, about 15 percent of net earnings to AHP and voluntary mission programs combined, far beyond the statutory 10 percent floor. Since 2023, each of the 11 FHLBanks has committed to contributing 50 percent more than the statutory AHP mandate through AHP beyond the statutory requirement or voluntary programs. That record demonstrates a sustained commitment of the FHLBanks going beyond their statutory requirement.

The FHLBanks' voluntary programs are developed by working with their members to address regional, local, and other specific housing and community needs, generally in ways unavailable through a single statutory mandate. These programs fall into several broad categories:

- **Supplemental AHP and Homeownership Set-Aside contributions.** All FHLBanks report "make-whole" or supplemental AHP contributions that voluntarily offset the income-statement effects of other voluntary programs so that statutory AHP is preserved and additional voluntary AHP and Set-Aside dollars are added on top.
- **Homeownership and workforce-housing initiatives.** Examples include FHLBank Atlanta's Workforce Housing Plus+ program for households between 80 and 120 percent of area median income; FHLBank San Francisco's Middle-Income Down Payment Assistance program improving access to affordable homeownership for aspiring middle-income first-time homebuyers, FHLBank Boston's Housing Our Workforce, Lift Up Homeownership, and Permanent Rate Buydown programs; FHLBank Cincinnati's Affordable Rate (buydown) Program, the Carol M. Peterson Housing Fund, which supports aging-in-place for special needs and elderly homeowners, and Rise Up Program, targeting middle-income homebuyers, who traditionally do not qualify for income-based down payment assistance; FHLBank Topeka's TurnKey suite of down payment products, entering its 30th year in 2026; and FHLBank New York's Homebuyer Dream Program, which has provided more than $220 million in grants and helped create more than 25,000 new homeowners.
- **CDFI, small-business, and community-development support.** FHLBank Chicago's Community First Fund provides unsecured lending to CDFIs at subsidized rates, while FHLBanks Boston and Cincinnati both offer voluntary programs that provide zero-percent interest rate advances for CDFIs. FHLBank Chicago's Community Small Business, Community Impact, and Enhanced Community Advance offerings deliver significantly

discounted or zero-percent interest advances for small-business and community-development lending, as does FHLBank Boston's Jobs for New England program.

- **Targeted regional initiatives.** FHLBank Atlanta's Heirs' Property Family Wealth Protection Fund addresses title issues that threaten intergenerational wealth. FHLBank Indianapolis' Community Multiplier and related grant programs match member contributions to nonprofits working on homelessness, housing counseling, and related services. FHLBank Pittsburgh operates a voluntary housing grant initiative that layered $28.9 million on top of its 2025 AHP round. FHLBank San Francisco's AHEAD Program funds economic development across California, Arizona, and Nevada. FHLBank Des Moines developed Mortgage Rate Relief in 2024, a permanent rate buydown program, partnering with members across its 13-state district with an investment of nearly $83 million to make affordable homeownership in today's market a reality for more than 4,500 families. Since 2012, in response to devastating tornadoes in Appalachia, FHLBank Cincinnati established its Disaster Reconstruction Program, which helps low-income homebuyers rebuild their lives following a federally or state declared natural disaster. FHLBank Dallas provides sustained multi-year investment in projects like Community First! Village in Austin, which has housed more than 900 formerly homeless individuals.

The FHLBanks' 2025 Impact Report, published in May 2026, provides a comprehensive picture of these efforts and confirms that voluntary mission programs are now a standing, recurring part of how the FHLBanks execute their public purpose.[26] Exhibit A provides an overview of the FHLBanks' housing and community development work by district.

The System-wide picture

In 2025, the 11 FHLBanks committed more than $1.1 billion in total funding to affordable housing and community development, combining $632 million in statutory AHP contributions expense with $507 million in voluntary contributions for total contributions significantly above the 10 percent statutory floor. Combined housing program investments in 2025 supported 73,000 families, helped create or preserve 55,000 housing units through AHP and CIP, and assisted 13,000 first-time homebuyers with down payment and closing costs. During calendar year 2025, $638 million was deployed through AHP General Fund grants supporting 533 projects, 212 of which reserved at least 20 percent of their units for households experiencing homelessness.[27]

A 2025 Urban Institute study estimated that, beyond direct grants, FHLBank advances enable member institutions to pass along approximately $3.8 billion annually in lower mortgage costs to homebuyers nationwide.[28] When a community bank in Nebraska or a credit union in Wisconsin accesses cost-effective FHLBank funding, those savings travel downstream to borrowers through more competitive mortgage rates and those institutions are able to hold long-term loans on their balance sheets.

The CIP and CICA programs extend the FHLBanks' reach beyond direct housing grants. At the end of 2025, the FHLBanks had $7.8 billion in CIP advances outstanding for housing and $2.5 billion in CICA economic development advances outstanding, supporting the creation or preservation of more

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[26] Federal Home Loan Banks, 2025 FHLBanks Lending That Powers Communities: Impact Report at 23-44, 47-48 (May 10, 2026), available at https://fhlbanks.com.

[27] FHLBanks, *2025 Impact Report* 19–48 (May 10, 2026).

[28] Choi et al., *The Value of the FHLBank System to Bank Liquidity and Stability* 33 (Urban Inst., Nov. 2025).

than 30,000 housing units and helping businesses create and preserve more than 25,000 American jobs.[29]

AHP is important, but not the only measure of mission

Given the country's enormous affordable housing needs, it is understandable that many advocates start from the view that the answer must be a larger mandatory AHP contribution. The concern is real but the policy conclusion is too narrow because it treats AHP as the sole measure of the FHLBanks' housing impact, overlooking the importance of a cooperative liquidity structure in supporting housing finance. It also narrows the response to a severe housing supply and affordability crisis to a single lever, while discounting the broader toolkit described above.

The central question is whether simply increasing the statutory percentage above 10 percent—without regard to the needs of the cooperative, including retained earnings needs, financial targets that ensure safety and soundness, strengthening member value, and the interaction with other mission tools—is the best way to improve housing outcomes. It is not. A policy change that requires a larger mandatory AHP bucket will necessarily decrease funding available for the high impact voluntary programs that the FHLBanks deliver through their members, making the members and the FHLBank System less effective in supporting their communities. A blunt increase in the statutory percentage could also create unintended consequences for safety and soundness and for the FHLBanks' ability to sustain mission activity across all economic cycles.

The current voluntary approach allows FHLBank boards to calibrate contributions with consideration towards earnings, capital planning, and safety-and-soundness and allows the FHLBanks to target additional support where each district needs it most.

The hearing notice includes a discussion draft bill that would increase the minimum required contribution each FHLBank must make to AHP from 10 percent of the prior year's net income to 15 percent through 2031. That proposed level is broadly consistent with the commitment the FHLBanks have demonstrated through AHP funding and voluntary housing and community investment initiatives.

The FHLBanks believe in sustaining strong housing support and would welcome a constructive dialogue with the sponsors to ensure that, if enacted, the legislation preserves the intended overall funding level while also allowing FHLBanks to maintain the voluntary programs that currently supplement the statutory AHP contribution. As drafted, the legislation could reduce flexibility by shifting resources away from voluntary programs that are often more targeted, more adaptable to local needs, and in some cases faster to deploy.

AHP regulations are overly complicated and need an overhaul

The current AHP regulatory framework is extraordinarily complex. Application and compliance requirements impose substantial burdens on member institutions, housing developers, project sponsors, and the FHLBanks themselves. That administrative weight narrows participation, particularly among smaller members and community-based developers with limited staff capacity, and it diverts resources from housing outcomes to paperwork compliance. The 2018 AHP final rule introduced a "cure first" requirement that forces sponsors to address non-compliance before other modifications can be considered, adding procedural friction that slows projects without improving

[29] Federal Home Loan Banks, Federal Home Loan Banks Deploy $1.1 Billion in Housing and Community Investment at 19 (May 10, 2026), available at https://fhlbanks.com.

housing results. AHP regulations also require each FHLBank to conduct independent monitoring of every assisted project, even when federal or state agencies providing financing to the same project are already performing substantially similar monitoring. That duplication serves no safety-and-soundness purpose and does not improve affordability outcomes. It simply adds cost and discourages participation.

That is why FHFA's ongoing work to modernize AHP and reduce unnecessary regulatory burden, under Director Pulte’s leadership, is an important step. The FHLBanks have offered specific suggestions in recent comment letters focused on simplifying features that make AHP hard to use for sponsors and members, giving FHLBanks more flexibility to target dollars, and trimming regulatory friction. These types of adjustments are more likely to preserve continuity of support across economic conditions and across districts than a single, higher fixed percentage.

IV. Legislative and Regulatory Enhancements

There are several actions that Congress can take to strengthen the FHLBanks. The below legislative adjustments would both enhance the ability of the FHLBanks to support housing affordability and supply (without weakening the FHLBanks’ safety and soundness or liquidity mission) and improve the governance and supervision of the Banks. This section focuses on four of the discussion drafts included in the hearing material, followed by a set of process-level considerations about how supervisory authority is currently used.

A. Legislative enhancements to strengthen mission and capital

1. Codify and expand Acquired Member Asset (AMA) authority

Congress should codify the existing AMA framework, which today is implemented by regulation at 12 CFR Part 1268, and modestly update the types of loans eligible for purchase to reflect how community lenders finance housing. By regulation, the FHLBanks are allowed to purchase mortgage loans from members under stringent credit-risk-sharing structures. Codifying this authority in the Bank Act, while expressly allowing well-underwritten multifamily loans and certain non-conforming residential loans to qualify under the same risk-sharing, would provide certainty to community institutions, preserve the cooperative alignment of interests, and expand secondary-market access for the types of housing finance that are increasingly needed in many markets.

2. Recognize advances as stable, mission-supporting funding in liquidity regulation

Congress and the prudential bank and credit union regulators should review the treatment of FHLBank advances in liquidity frameworks to better reflect the fact that advances are fully collateralized, reliable sources of funding that support mortgage lending, community development, and broader balance-sheet stability at member institutions. The FHLBanks are actively engaged with the banking agencies on this issue, including ongoing discussions about how advances are treated under liquidity rules, because the current wholesale-funding treatment does not fully capture the stability and secured nature of these obligations. Aligning regulatory treatment more closely with the actual structure and performance of advances would strengthen members’ ability to support communities while preserving prudent supervisory standards.

3. Capital preservation: stock, retained earnings, and leverage ratio adjustment

Congress should adopt capital-related changes clarifying that all classes of FHLBank capital stock and retained earnings are available to absorb losses and count toward leverage and risk-based capital requirements. The proposal would place reasonable bounds on the unleveraged capital ratio and recognize that certain low-risk, highly liquid assets, such as U.S. Treasuries held for liquidity, should be excluded from the capital denominator. These changes would strengthen capital while preserving room for mission activity.

4. Preserve membership and clarify FHFA authority over member activities

Congress should confirm that statutory membership tests apply at the time of application, not on an ongoing basis, and clarify that FHFA's authority does not extend to setting balance-sheet or business-line requirements for members through FHLBank regulation or guidance unless expressly authorized by statute. FHFA would continue to regulate the FHLBanks, and primary bank, thrift, credit union and insurance company regulators would continue to regulate their institutions, preserving the diversity of FHLBank membership.

B. Governance and Supervisory Enhancements

FHFA plays an essential role in ensuring the safety and soundness of the FHLBanks. The FHLBanks are strongest when the FHFA is clearly focused on its statutory mandates and has a transparent and cooperative relationship with the FHLBanks. When it established FHFA in the Housing and Economic Recovery Act of 2008 (HERA), Congress made an important distinction between safety-and-soundness oversight and day-to-day management. Under HERA, the FHLBanks are independently charted entities that are operated by their own boards of directors and management teams. Under the Bank Act, management authority for the FHLBanks is vested in the boards of directors of each FHLBank. In contrast, HERA granted FHFA substantial supervisory authority similar to that possessed by federal banking regulators, including examination authority, capital standards, formal enforcement powers, and conservatorship authority. FHFA’s primary statutory mandate is the prudential regulation of the FHLBanks to ensure their safety-and-soundness; preserving that distinction has been a recurring theme in congressional oversight of housing finance regulators for more than three decades.

Congressional and GAO reviews across successive administrations have recognized that combining safety-and-soundness oversight with routine involvement in governance decisions can create tension. GAO reports in 1991, 1993, and 1998 concluded that a GSE regulator generally should not involve itself in an institution's business affairs by approving budgets, salaries, or hiring decisions absent evidence of imprudent conduct.[30] Congress responded, most notably through the Gramm-Leach-

[30] See U.S. Government Accountability Office (then General Accounting Office), Government-Sponsored Enterprises: A Framework for Limiting the Government's Exposure to Risks, GAO/GGD-91-90, at 32-33 (May 22, 1991) (stating that a GSE regulator "should usually not involve itself in a GSE's business affairs by approving budgets, salaries, hiring decisions, etc." and that "[s]uch powers should fall under the domain of the GSE's boards of directors unless the regulator has determined that the GSE is acting imprudently," and noting that "[w]e are concerned that having broad management oversight may undermine FHFB's regulatory independence . . . [because] FHFB is not arm's length from the outcome of those decisions"); Federal Home Loan Bank System: Reforms Needed to Promote Its Safety, Soundness, and Effectiveness, GAO/GGD-94-38, at 109 (Dec. 8, 1993) (reiterating concern about the agency approving salaries and noting that the FHFB itself had recognized that combining the roles of regulation and governance was not compatible and resulted in an "inherent conflict"); Federal Housing Finance Board: Actions Needed to Improve Regulatory Oversight, GAO/GGD-98-203, at 8; see also GAO/T-GGD-98-185 (Sept. 24, 1998) (stating that GAO "remain[s] concerned, as we have noted in the past, that combining the roles of oversight and involvement in System business may undermine the independence necessary for FHFB to be an effective safety and soundness and mission regulator" and suggesting "that Congress consider ensuring, through legislation, that FHFB not be involved in the business of the System"); Council of

Bliley Act of 1999, which removed certain approval requirements from the predecessor regulator. HERA was designed against that backdrop. This reflects the fact that the FHLBanks are not agencies but cooperatively owned financial institutions, which are designed to operate independently, subject to FHFA's prudential regulation. Congress wisely recognized that this structure enables the FHLBanks to operate efficiently and effectively and not be needlessly encumbered with government regulation, while strong prudential guardrails ensure the safety-and-soundness of the FHLBanks.

Against that historical framework, the FHLBanks believe it would be constructive to clarify the appropriate scope of the non-objection process in a small number of areas where the supervisory practice has in prior years moved beyond traditional prudential oversight. Non-objection from the FHFA is required for many day-to-day business decisions, including executive officer hiring, title changes or role changes, board director nominations, capital plan changes, and changes to internal market risk models. This practice effectively requires advance supervisory clearance for matters that boards of well-capitalized, non-troubled cooperative financial institutions have historically managed under their statutory responsibilities.

FHFA has the authority to examine all these practices and to act through formal supervisory processes where genuine concerns exist. The question worth the Subcommittee's attention is whether permanent, institution-wide pre-clearance at well-capitalized FHLBanks is the appropriate tool, and how it compares with the analogous frameworks used by other federal financial regulators, including the FDIC's prior-notice regime, which generally applies only to institutions in troubled condition, and the Farm Credit Administration's approach to a cooperatively structured system structurally analogous to the FHLBanks. We encourage the Subcommittee to exercise oversight on FHFA's use of the non-objection expectation and its impact on FHLBank boards' fiduciary duties.

FHFA is taking a step in the right direction

We are pleased that, under Director Pulte's leadership, FHFA has started to take steps to reduce the regulatory burden associated with obtaining agency approval for certain business decisions. In its recently published Notice of Proposed Rulemaking, FHFA plans to repeal the New Business Activities Regulation (12 CFR Part 1272). Repeal of this regulation would eliminate the requirement for the FHLBanks to obtain prior FHFA approval before offering new products or services, potentially enabling them to respond more quickly and effectively to evolving market needs within their districts.

The line between policymaking and supervisory guidance needs greater clarity

We also call to the Subcommittee's attention a broader institutional question about when supervisory expectations should be issued through formal rulemaking, with the transparency and process protections rulemaking provides, and when they should be communicated through examination or informal guidance. In recent years, FHFA has had the tendency to make policy through advisory bulletins and supervisory findings, depriving the public opportunity to comment on policy changes under the protections provided in the Administrative Procedure Act.

This question is not unique to FHFA; it is one that many federal financial regulators are actively considering. In recent months, we have had constructive conversations with senior FHFA staff regarding these concerns; we understand FHFA, under Director Pulte's leadership, may be reviewing

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Federal Home Loan Banks, Comment Letter on Federal Home Loan Bank System Boards of Directors and Executive Management (RIN 2590-AB24), at 9 (Jan. 29, 2025), available at https://fhlbanks.com (compiling these GAO findings and their relevance to current FHFA governance practices).

previously issued advisory bulletins and supervisory guidance to consider whether some of these policies should be put out for comment and revised. We encourage that activity and look forward to continuing constructive engagement on how those lines are drawn.

The FHLBanks are not asking for less oversight; they are asking for oversight that operates through the channels Congress established. Clarifying the appropriate scope of FHFA's non-objection expectations, ensuring that significant policy changes are made through transparent rulemaking rather than informal processes, and reaffirming FHFA's role as a strong, independent prudential regulator would strengthen governance while preserving robust safety and soundness supervision of the FHLBanks.

V. Conclusion

The Federal Home Loan Banks remain a vital source of strength for the country's financial and housing finance infrastructure. It is a century-old cooperative model that continues to provide reliable liquidity through banks, thrifts, credit unions, insurance companies, CDFIs, and housing associates. They support housing and community investment across every congressional district and help local lenders serve their communities in all market conditions. Congress should resist efforts to weaken the liquidity mission or reduce the FHLBanks to a single metric, and instead preserve what is working while adopting focused adjustments that improve mission delivery, clarify supervisory boundaries, and strengthen the housing finance system the FHLBanks help support.

Thank you for the opportunity to present this testimony.

Exhibit A

District-level examples of FHLBank housing and community development work from across all 11 FHLBanks

The following examples illustrate the range of housing and community development work the FHLBanks carried out in 2025 and early 2026 across every district. They include states and communities served by members of this Subcommittee, and they extend beyond that footprint to reflect the FHLBanks' national reach.

FHLBank Atlanta (Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, District of Columbia)

In 2025, FHLBank Atlanta provided more than $128 million in grants through its members to strengthen homeownership, expand affordable housing supply, and help families preserve and grow generational wealth.

This included $51 million through the AHP General Fund, supporting 49 rental communities; $46 million through the AHP Homeownership Set-Aside Program, assisting 2,591 low- to moderate-income households; $20 million through the Workforce Housing Plus+ program to provide down payment and closing cost assistance to qualified borrowers; $11.7 million through the Multifamily Housing Bridge Fund, delivering grants to help 32 projects at least 50 percent complete move forward and expand housing supply; and $6 million from the Heirs' Property Family Wealth Protection Fund disbursed to assist 22 organizations in expanding legal services provided free of charge to low-income property owners.

To reach the $128 million investment level, FHLBank Atlanta voluntarily contributed more than 50 percent above its statutory requirement, underscoring its commitment to strengthening communities. For 2026, the Bank allocated an additional $120 million – bringing its three-year total to more than $300 million dedicated to affordable housing and community development.

FHLBank Boston (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)

FHLBank Boston awarded $47 million in AHP grants, loans, and interest-rate subsidies in 2025, supporting 49 affordable housing projects across New England. In Woonsocket, Rhode Island, Citizens Bank partnered with FHLBank Boston to finance the rehabilitation of three historic mill buildings in the Millrace District, a mixed-use complex with 70 rental homes, more than half reserved for low-income residents and 15 designed under universal design principles. A $650,000 AHP grant combined with a $1.35 million subsidized advance reduced the member's borrowing cost by more than two percentage points, allowing more affordable financing to reach the community.

FHLBank Chicago (Illinois, Wisconsin)

In 2025, FHLBank Chicago awarded $52 million in AHP grants, supporting 37 housing projects and assisting more than 1,600 households. In addition, the Bank disbursed $43 million in 2025 through its Plus (DPP) programs, helping over 4,500 homebuyers access down payment assistance.

Since program inception through 2025, FHLBank Chicago has allocated more than $630 million in AHP funding, assisting over 85,000 households, and more than $330 million in DPP funding, supporting over 51,000 homebuyers.

FHLBank Chicago has been an active partner in Wisconsin's housing efforts. In July 2025, Representative Scott Fitzgerald (R-WI) toured a former school building in Muskego, Wisconsin, that FHLBank Chicago helped transform into affordable housing, alongside local lenders and the Wisconsin Partnership for Housing Development. Additionally, FHLBank Chicago awarded $2.5 million to the Wisconsin Housing and Economic Development Authority through its Community First Housing Counseling Resource Program, funding HUD-certified counseling agencies. FHLBank Chicago also operates a broad voluntary program suite that includes the Community First grant programs, voluntary contributions in excess of statutory requirements for DPP, its Community First Fund for CDFIs, and its Community Advance offering, which support affordable housing, small-business and community-development lending across Illinois and Wisconsin.

FHLBank Cincinnati (Kentucky, Ohio, Tennessee)

FHLBank Cincinnati awarded $51.9 million in AHP grants across its district in 2025, supporting 56 projects and 2,990 units of affordable housing and disbursed $27 million in Welcome Home Program (WHP) down payment assistance grants to help 1,364 homebuyers. A total of $108 million was disbursed in 2025 to support AHP, WHP, and seven voluntary programs. Since 2001, FHLBank Cincinnati has offered one or more voluntary programs every year. For example, in Crossville, Tennessee, Highland Federal Savings & Loan Association teamed with nonprofit Creative Compassion, Inc., since 2019, to secure over $320,000 in Carol M. Peterson Housing Fund voluntary program grants to make critical home repairs for 25 households serving low-income seniors and individuals with special needs. Grants ranging from $5,000 to $20,000 have provided insulated windows, mobility ramps, new roofs and updated bathrooms and kitchens, among other repairs, allowing homeowners to safely age in place.

FHLBank Dallas (Arkansas, Louisiana, Mississippi, New Mexico, Texas)

FHLBank Dallas awarded $73.5 million in AHP General Fund grants across its district in 2025, supporting 53 projects and 3,777 affordable homes. In Arkansas, FHLBank Dallas awarded $6.675 million to support 267 units across five communities, including projects through Simmons Bank, Arvest Bank, and FNBC Bank in Batesville, Clarksville, Harrison, Hope, and Bull Shoals. In Austin, Texas, FHLBank Dallas has partnered with Frost Bank for more than a decade to support Mobile Loaves and Fishes' Community First! Village, with cumulative FHLBank Dallas funding reaching $9 million and more than 900 formerly homeless individuals housed in the master-planned community. In South Texas, FHLBank Dallas' member relationships with community banks and CDFIs support homebuyers and workforce housing in the Rio Grande Valley.

FHLBank Des Moines (Alaska, Hawaii, Idaho, Iowa, Minnesota, Missouri, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, Pacific territories)

Since 1990, the FHLBank Des Moines' AHP has awarded more than $1 billion in grants to help more than 130,000 families and individuals access safe, affordable housing. For 2026, FHLBank Des Moines expects to contribute more than $200 million to its AHP and voluntary programs. In 2025 and the first part of 2026, the Bank contributed a total of $36.1 million to housing in Missouri through AHP and voluntary programs, $3.7 million in Montana, and $23.4 million in Oregon.

First Interstate Bank, a member of FHLBank Des Moines chartered in Montana, helped secure $10.4 million in AHP grants to support nearly 130 rental homes across Oregon, South Dakota, and Wyoming, including a $3 million grant to Mountain View Community Development in Redmond, Oregon, for 75 new rental homes.

FHLBank Indianapolis (Indiana, Michigan)

In 2025, FHLBank Indianapolis awarded $32.6 million in AHP grants to 41 projects and 1,485 affordable housing units. In Detroit, 4401 Rosa Parks was awarded $850,000 through Independent Bank providing funds for new construction of 60 affordable units. Through its voluntary Stepping Up program, the Bank awarded an additional $1.4 million to two AHP projects in its district. FHLBank Indianapolis' Homeownership Initiatives provide down payment assistance and home repairs to households with incomes at or below 80 percent area median income. In 2025, the Launch program provided $10 million to 523 first-time homebuyers for down payment and closing costs, and the Revive program assisted 794 households with $10.4 million in necessary home repairs for roofs, windows, siding, HVAC systems and more.

FHLBank Indianapolis' voluntary program initiatives target homeownership, small business, disaster relief, heirs' rights issues, subsidized lending, financial literacy and more. In 2025, the Bank provided nearly $33 million across the HomeBoost, Elevate Small Business, Community Multiplier, Heirs' Rights, Rate Buydown, Money Masters and other programs. The Bank's Tribal Nations Housing Development Assistance Program, in partnership with the Michigan State Housing Development Authority (MSHDA), allocated $3 million to support capacity building, technical assistance and pre-development and gap funding grants for the 12 federally recognized tribal nations within Michigan.

FHLBank New York (New Jersey, New York, Puerto Rico, U.S. Virgin Islands)

FHLBank New York announced a record $86.3 million in AHP General Fund grants in 2025 (part of a record $150 million in affordable housing and community development contributions it made that year), funding 75 projects and supporting the creation or preservation of 4,976 affordable housing units, 3,628 of them targeted to very low-income families. The awards are expected to leverage nearly $2.2 billion in total housing investment across the district. Over its program history, FHLBank New York has funded nearly 2,200 projects through more than $1.1 billion in AHP grants, helping to create or preserve more than 110,000 units of affordable housing and leveraging an estimated $21.5 billion from other sources. In New York alone, AHP has supported more than 1,200 initiatives and more than 60,500 homes. Puerto Rican communities, including projects in Caguas and Ponce, are among the beneficiaries of the 2025 round. In April 2026, Representative Andrew Garbarino (R-NY) co-hosted a housing affordability roundtable with FHLBank New York President Randolph Snook on Long Island, examining locally driven solutions to the region's housing cost challenge. Since 2025, FHLBank New York has used its investment authority to purchase a combined $400 million in bond issuance from the New York City Housing Development Corporation ("HDC"), which has helped or will help create, rehabilitate or preserve more than 9,500 units of housing across a range of HDC programs. These transactions are the latest in a partnership with HDC that spans 25 years and includes $1.68 billion in investment to support more than 70,000 homes, helping to ensure the long-term stability and affordability of existing public and affordable housing throughout New York City. This longstanding partnership with HDC reflects how the FHLBanks support housing in ways beyond their foundational liquidity mission and grant programs, leveraging the full strength of their balance sheets to further their impact.

FHLBank Pittsburgh (Delaware, Pennsylvania, West Virginia)

FHLBank Pittsburgh approved $90.2 million in total housing-related funding for 2025, combining $61.3 million through AHP with an additional $28.9 million through its voluntary housing grant initiative. That funding supported 75 projects and will create or preserve 1,823 homes across Pennsylvania, West Virginia, and Delaware, serving people experiencing homelessness, individuals with disabilities, youth aging out of foster care, military veterans, and seniors. In partnership with state housing finance agencies in its district, Home4Good is dedicated to supporting individuals and families who are experiencing, or are at risk of, homelessness. Home4Good awarded $8.4 million to 110 projects to organizations who are working to end homelessness in the communities that are served.

FHLBank San Francisco (Arizona, California, Nevada)

FHLBank San Francisco awarded $49.7 million in AHP grants in its 2025 funding round, supporting 31 affordable housing developments across California, Arizona, and Nevada. Of that total, $44.6 million supported 26 projects in California and Arizona, producing more than 1,780 affordable housing units, and 5 projects in Nevada, producing 273 income-restricted units. The 2025 round included more than $10 million for six mixed-use developments incorporating childcare, job training, and community-serving spaces, and $10.4 million for tribal-led projects creating 191 affordable units for seniors, the formerly unhoused, and low-income families. In addition, $12 million was allocated to the AHP set-aside program, WISH, supporting 380 first-time homebuyers. Since 1990, FHLBank San Francisco has awarded more than $1.4 billion in AHP grants for nearly 155,000 affordable housing units. FHLBank San Francisco's AHEAD Program awarded $8 million to 64 economic development projects in 2025. In Los Angeles, City National Bank delivered a $150,000 AHEAD grant to the LA Conservation Corps for a Wildland Firefighter Training Program for young adults from low-income families. In 2026, FHLBank San Francisco awarded $66.3 million in AHP grants, including a $22.5 million voluntary special mission contribution, to support the creation of nearly 2,900 homes for low-income households.

FHLBank Topeka (Colorado, Kansas, Nebraska, Oklahoma)

FHLBank Topeka awarded a record $33.9 million in AHP grants in 2025, supporting 1,764 affordable housing units through 31 projects. In Aurora, Colorado, a $1.5 million grant supported a 190-unit development with an integrated health clinic for American Indian and Alaska Native families. In Falls City, Nebraska, a $335,495 grant will rehabilitate 20 owner-occupied homes. FHLBank Topeka's TurnKey suite of down payment and closing cost products, including a program for middle-income homebuyers, enters its 30th year in 2026 and has helped 22,609 homebuyers since its inception. Several voluntary efforts are making an impact across the 10th District. The Mortgage Rate Reduction Product (MRRP) supports a lower mortgage rate for income-eligible homebuyers with more than 500 households expected to save $1.4 million in mortgage interest in 2026. The Community Assistance Recovery Effort (CARE) Program provides a 3-to-1 match for our members' contributions in the time of a disaster. With devastating wildfires this spring, Nebraska members widely used CARE funds to support their communities in many ways like helping local fire departments replenish supplies and supporting local farmers and ranchers who lost livestock and feed.