

September 12, 2025

The Honorable William J. Pulte
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20219

Dear Director Pulte,

In November 2023, the Federal Housing Finance Agency (FHFA) published its first-ever comprehensive review of the Federal Home Loan Bank System (FHLBs or System) to assess if the System is meeting its statutory mission to provide liquidity to its member financial institutions to help support housing and community development investments in communities.¹ As a result of this review, FHFA developed an action plan to not only respond to identified inefficiencies in the System but also improve it for the future. I commend FHFA's review process which included engaging stakeholders, members and community leaders in a nine-month dialogue to improve how the FHLBs serve their communities and how they can play a stronger role in addressing our nation's housing crisis.

In your role as FHFA Director, you have expansive authority to ensure our nation's government sponsored enterprises (GSEs) provide financing to developers building and managing homes and apartments, people buying and renovating homes and local governments providing the infrastructure for housing and community economic development. FHFA can enable our country to respond to a persistent and painful housing supply shortage of at least four million homes, especially homes affordable to low- and moderate-income families.

As the FHLBs' regulator, the FHFA plays a key role in ensuring that this trillion-dollar GSE is run efficiently, is safe and sound, and helps drive housing and community development investments across the nation. I continue to believe the FHLBs can use their access to capital, investments and profits to support the development of homes, especially affordable homes.

The *FHLBank System at 100: Focusing on the Future* report, provides a comprehensive guideline for expanding mission investments. After your confirmation hearing, in your response to my Questions for the Record² you wrote:

"I am familiar with the *FHLBank System at 100: Focusing on the Future Report* and, if confirmed will have staff brief me on each of the report's recommendations. I also hope

¹ Federal Housing Finance Agency. "FHLBank System at 100: Focusing on the Future," November 2023.
<https://www.fhfa.gov/programs/fhlbank-system-100>

² Pulte, William. Questions for the Record. Committee on Banking, Housing and Urban Affairs Nomination Hearing, February 27, 2025.

to work with you on policy on this matter. I believe the mission of the FHLBank System is to support housing, including affordable housing, and community development by providing liquidity to its member institutions.

Senator, I know how important this issue is to you and, if confirmed as FHFA Director, I would hope to have ongoing dialogue with you regarding recommendations in order to ensure that the FHLBanks are best meeting their mission...[I] will have staff brief me on the FHLBanks' investment portfolios in order to ensure they are contributing to the mission of the FHLBanks in a safe and sound manner.”

To engage in an ongoing dialogue, I request that the FHFA provide status updates on all the initiatives identified in the “Moving Forward” section of the FHFA review (p. 69-70). Please respond to the following questions in a thorough and complete manner by October 20, 2025.

1. In the report, FHFA defined its vision for the future of the FHLBs as having “an effectively governed System that efficiently provides stable and reliable funding to creditworthy members and delivers innovative products and services to support the housing and community development needs of the communities its members serve.” Do you continue to support this vision for the FHLB System’s future, and if so, how? If you have a different vision, please explain.
2. Please provide the status of:
 - a. FHFA’s discussions with the FHLBs to discuss weaknesses in member credit risk management, including any concentration of risks and advances. What progress has been made to improve credit risk management by members? What progress has been made related to the GAO or OIG recommendations following the regional bank failures in 2023?;
 - b. FHFA’s discussions with the FHLBs regarding the need for executive compensation plans to reflect mission achievement;
 - c. FHFA’s discussions with the Federal Reserve Banks to draft agreements to facilitate the transfer of a member’s collateral to the Federal Reserve if the member needs to borrow from the discount window. Specifically, please discuss any templates or guidance the regional Federal Reserve Banks and FHLBs are developing and how they will implement them;
 - d. FHFA’s discussions with FHLB members’ primary federal regulators – the Office of the Comptroller of the Currency (OCC), Federal Reserve, Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and state banking agencies – to improve the timely and systematic exchange of

information on member financial conditions;

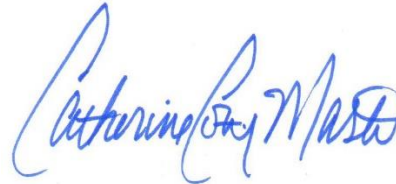
- e. Amending FHFA's Core Mission Activities (CMA) regulation to revise and clarify the mission statement and set forth criteria for assessing mission achievement. Please be specific about meeting housing and community development financing needs in a variety of communities;
 - f. Developing an examination component rating for mission achievement or other revisions to FHFA's examination guidelines to reflect mission achievement;
 - g. Enhancing the scope of the Targeted Community Lending Plan by amending the requirements contained in the regulation governing Community Support Requirements (CSR);
 - h. Preserving the benefits of FHLBank debt issuance for all members by limiting debt issuances that unduly raise debt clearing costs or debt issuance activity;
 - i. Increasing limits on maximum exposure on unsecured extensions of credit for interest-bearing deposit accounts (IBDAs) to align with limits on overnight exposures, by amending the maximum limits to a single counterparty;
 - j. Revising the appropriate maturity term for the definition of a long-term advance as necessary;
 - k. Considering whether district mergers or realignment are necessary to meet FHFA's safety and soundness objectives;
 - l. Standardizing and strengthening membership eligibility requirements, including amending the Membership regulation;
 - m. Requiring that at least 10 percent of certain members' assets remain in residential mortgage loans or equivalent mission assets, including assets that qualify as community financial institution (CFI) collateral, on an ongoing basis; and
 - n. Expanding the list of expertise for independent directors. Please include how the latest board directive affects the expertise representation of member directives.
3. Under your leadership, does the FHFA remain committed to the above initiatives to improve the FHLB System and increase access to housing production, homeownership and economic development? If not, which initiatives are you changing or abandoning?

What initiatives have you added or plan to add related to the FHLBs?

4. Where will FHFA publish any new rulemakings, guidance or policies related to the FHLBs? Will all notices be published on FHFA's website, with links to previous rules, as appropriate?

As you told the Committee, the Federal Home Loan Banks have a critical role to play in supporting housing, including affordable housing, and community development. In your role as Director of the FHFA you must ensure that the FHLB System helps build new homes, lowers housing costs, and invests in communities across the country. Please share with us how FHFA will ensure that the FHLBs will work to lower costs for the more than 22 million renters and 10 million homeowners who spend more than a third of their income on housing costs.³ Thank you for your attention to expanding the ability of FHLBs to expand the supply of homes.

Sincerely,



Catherine Cortez Masto
United States Senator

³ Harvard Joint Center on Housing. State of the Nation Housing Report. 2025
https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2025.pdf