

The Federal Home Loan Bank System & Supporting Single Family Housing



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Federal Home Loan Bank System (by district)

The FHLBank System



- The FHLB System was created by Congress to support housing finance and economic development.
- Each of the 11 FHLBs is a cooperative providing liquidity, funding, and product solutions to over 7,000 member financial institutions.
- FHLBs are significant contributors to affordable housing and economic development projects.
- Each FHLB is governed by a separate board of directors and management but are jointly and severally liable for each others' debt.
- The FHLBs raise funds by jointly issuing debt in the global capital markets, often more than any other issuer in the world.
- The FHLBs are regulated by the Federal Housing Finance Agency and are SEC registrants.
- Typical members include banks, insurance companies, credit unions and thrifts. A Housing Finance Agency may be certified by an FHLB as a "housing associate" and be eligible to borrow from the FHLB and participate in certain FHLB programs.

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FHLB Products and Services

- Advances – Secured Funding
 - Various terms and structures at attractive rates
- Letters of Credit
- Community Investments Programs
 - Down Payment Assistance
 - Affordable Housing
 - Lower Cost Advances
- Mortgage Programs

Given the independent nature of the eleven FHLBs, product and services features and details vary. Check with your own Federal Home Loan Bank.

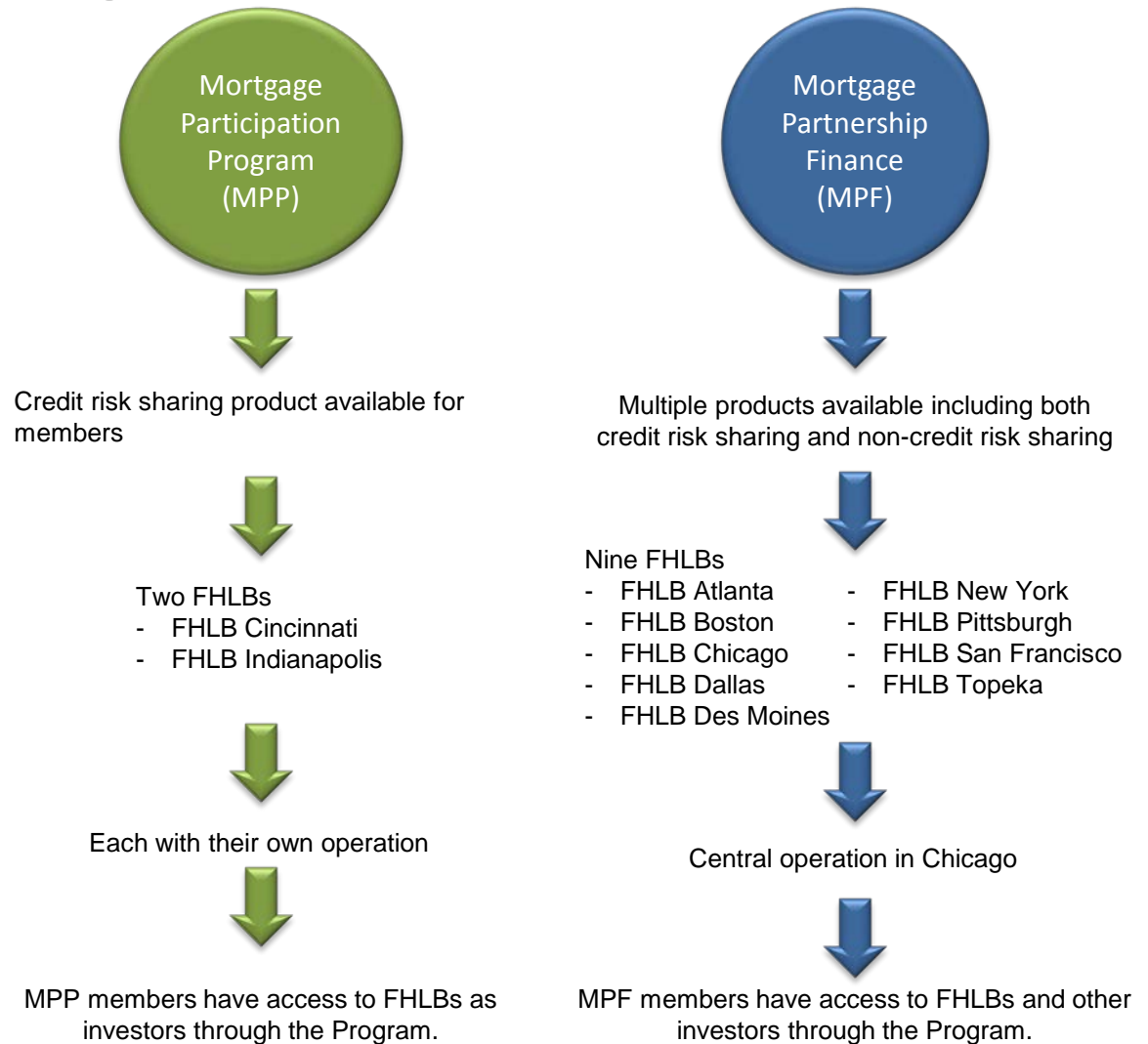
FHLB Mortgage Programs

- Objective is to give members access to secondary mortgage markets while allowing them to service their customers and retain some credit risk if they wish.
- Two types of Programs:
 - Mortgage Purchase Program (MPP)
 - Mortgage Partnership Finance[®] (MPF[®])
- Approximately 1,100 members actively sell into the programs.
- During 2017 over 73,000 loans were funded totaling more than \$16 billion in UPB.

FHLB Mortgage Programs

Objective of Programs

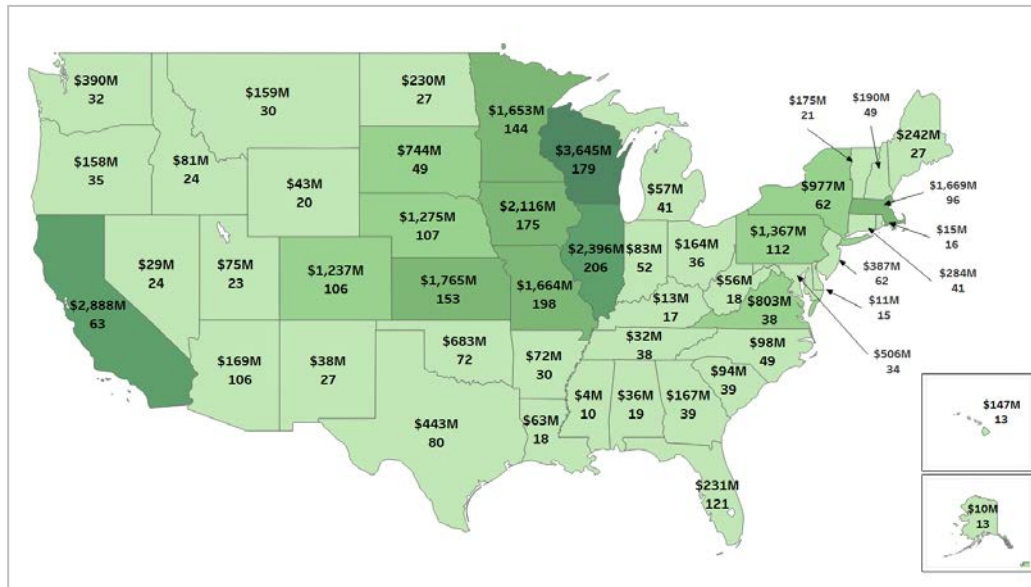
- To give members access to secondary mortgage markets.
- For the FHLBs the credit risk sharing products represent investments.



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Mortgage Partnership Finance (MPF) Program

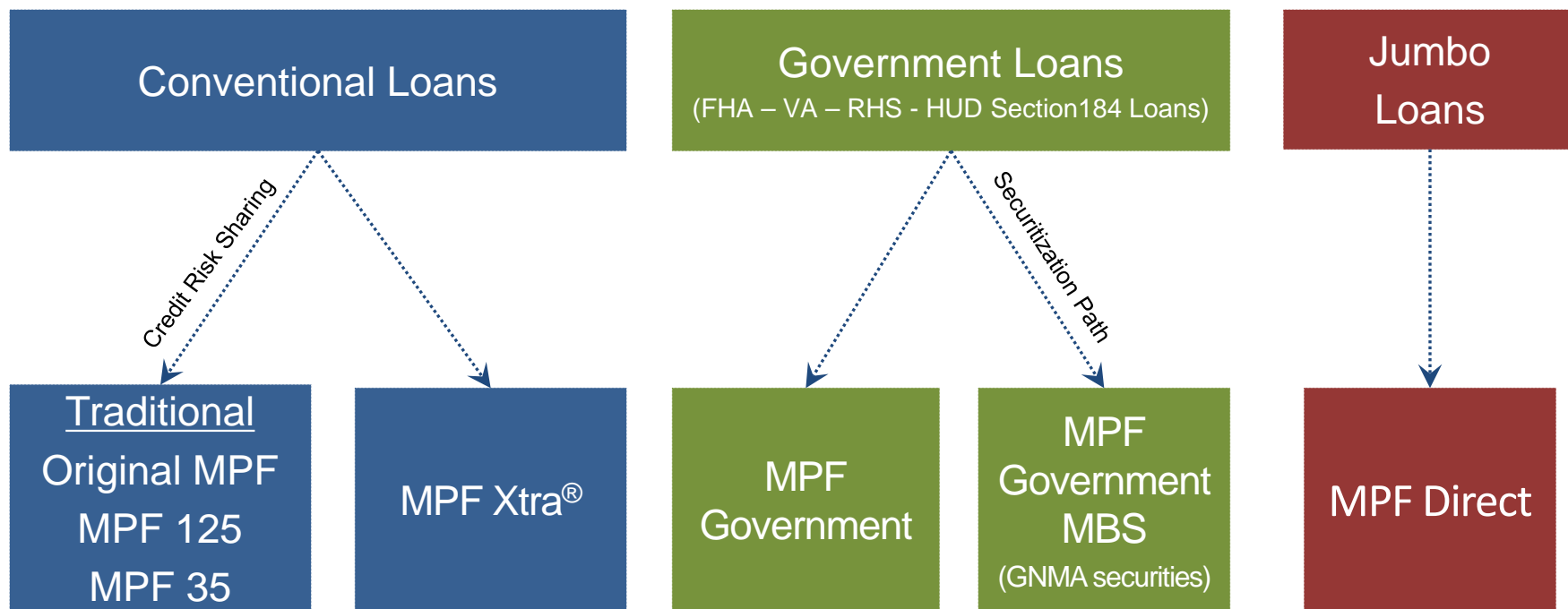
UPB Funded and Number of PFIs by Property Location
1/1/2015-12/31/2017



- Nine of eleven Federal Home Loan Banks participate.
- Purchased \$11.9 billion of loans in 2017.
- Across all products, \$51.6 billion in UPB was outstanding at year end 2017 (\$33.1B of this total reflects mortgage assets held for investment by FHLBs).
- During 2017, the MPF Program set an annual record with 909 PFI sellers.
- Product options include both credit risk sharing and non-credit risk sharing and servicing retained or servicing released.

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MPF Products and Loan Types



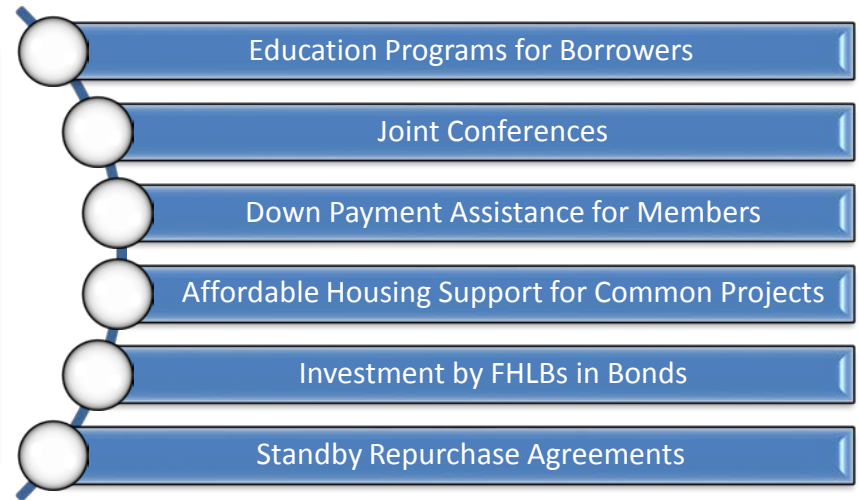
Members utilizing MPF can eliminate market and prepayment risks. They can retain a share of credit risk and can be compensated for it. They can also continue to directly service the loans for their borrowers or they can sell the loans servicing released.

Beyond Products and Services

- Products and Services are available for Housing Finance Agencies as Housing Associates.
- There are other ways to partner to support single family home ownership.
- Federal Home Loan Banks are mission based. We serve members and their communities. The communities are the same communities served by HFAs.

The FHLBs partner with members to achieve the ultimate benefit for communities and borrowers. In addition to direct support through use of products and services, FHLBs can work to support HFAs objectives in other ways.

To the right are some examples.



Contact your local FHLB to learn about their programs and how you can partner.

Questions



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