



August 12, 2026

Clinton Jones, General Counsel  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, D.C. 20219

**Re: Notice of Proposed Rulemaking:  
Federal Home Loan Bank New Business Activities  
(RIN 2590-AB52)**

The Community Home Lenders of America (CHLA) appreciates the opportunity to submit comments regarding FHFA's proposal to repeal 12 CFR Part 1272, governing the Federal Home Loan Bank (FHLBank) New Business Activities (NBA) framework.

CHLA writes as the only national trade group that exclusively represents independent mortgage banks (IMBs), which originate 84% of all single family mortgages.

CHLA supports eliminating overly prescriptive and duplicative NBA requirements that can unnecessarily constrain FHLBank flexibility and innovation. At the same time, we believe this rulemaking presents an important opportunity to ensure that greater flexibility remains consistent with the FHLBank System's statutory housing and community development mission.

Most importantly, CHLA urges FHFA to consider three issues as it moves forward:

- (1) Maintain appropriate guardrails around significant new activities;
- (2) Expand FHLBank membership and liquidity access to Independent Mortgage Banks
- (3) Ensure that continued membership remains meaningfully connected to ongoing mortgage lending activity.

### **Appropriate Guardrails for New Activities**

CHLA supports giving FHLBanks greater operational flexibility. However, that flexibility should not result in the expansion of activities that could create unnecessary risk to the System or blur the distinction between the FHLBanks and Fannie Mae/Freddie Mac.

In particular, FHFA should clarify that repeal of Part 1272 is not intended to facilitate an unchecked expansion of FHLBank activities involving the direct acquisition of residential mortgage loans or other activities that could effectively replicate functions performed by Fannie Mae or Freddie Mac.

CHLA recognizes that FHLBanks already have authority to acquire residential mortgage assets through their Acquired Member Assets (AMA) programs. FHFA's existing AMA framework permits FHLBanks to acquire eligible mortgage loans from or through members under specified requirements.

Our concern is therefore not that repeal of Part 1272 would newly create mortgage-purchase authority. Rather, greater flexibility without an appropriate supervisory framework could make it

easier for FHLBanks to expand or develop new mortgage-purchase activities without the same level of review of the potential new or material risks associated with those activities.

FHFA should carefully consider whether any significant expansion of mortgage-purchase activity would be consistent with the FHLBank System's statutory mission and whether it could create an uneven competitive advantage for depository institutions that already have access to FHLBank advances and other System benefits.

CHLA has previously opposed proposals that would allow FHLBanks to move further toward GSE-like direct loan purchasing because of the potential risks to the FHLBank System and the potential to provide additional advantages to institutions that already have access to FHLBank liquidity.

## **Modernizing FHLBank Membership**

This rulemaking also provides an opportunity to address a fundamental structural issue in the modern mortgage market: the exclusion of IMBs from FHLBank membership.

Under current law, eligible FHLBank members include commercial banks, thrifts, credit unions, CDFIs and insurance companies that satisfy applicable statutory requirements. IMBs are not currently an eligible membership category.

This exclusion is increasingly difficult to reconcile with the modern structure of U.S. mortgage finance. IMBs now account for approximately 84 percent of mortgage originations and an even greater share of government and agency lending.

IMBs also play an important role in serving Low- and Moderate-income (LMI), minority, and other underserved borrowers. Urban Institute research has consistently found that IMBs had a higher share of lending to LMI borrowers than banks and a substantially higher share of lending to borrowers of color.

At the same time, IMBs remain dependent on private warehouse funding rather than deposits to finance mortgage originations. This creates a structural liquidity difference between IMBs and depository institutions, particularly during periods of severe market stress.

CHLA therefore believes Congress and FHFA should pursue a framework that would allow qualified IMBs to access FHLBank membership and liquidity under appropriate safety-and-soundness requirements. Such access could be structured with rigorous capital, collateral, borrowing and risk-management standards comparable to those applicable to other FHLBank members.

Providing qualified IMBs with access to FHLBank liquidity would better align the System's public benefits with the institutions that now perform a substantial share of the nation's mortgage lending and could strengthen the resilience of the broader housing finance system.

## **Continued Connection to the Housing Mission**

Finally, CHLA believes FHFA should consider whether continued FHLBank membership and access to System benefits should be more directly connected to an institution's ongoing mortgage lending activity.

Current FHLBank membership requirements include a number of statutory eligibility standards, including requirements related to home mortgage lending. FHFA's membership regulations govern both becoming and remaining a member. At the same time, FHFA previously declined to adopt a proposed requirement that members maintain a specified minimum level of residential mortgage assets on an ongoing basis.

CHLA believes there is merit in revisiting this issue. At a minimum, FHFA should consider whether an annual review of members' active mortgage lending would provide a more current measure of whether continued access to the public benefits of FHLBank membership remains aligned with the System's housing mission.

Such a review would not necessarily require a rigid one-size-fits-all origination threshold. Rather, FHFA could establish reasonable standards that recognize differences among member types while ensuring that institutions receiving the benefits of the System continue to demonstrate a meaningful connection to housing finance.

## **Conclusion**

CHLA supports the proposal to repeal the FHLBank New Business Activities regulation as an appropriate step toward reducing unnecessary regulatory burden and giving FHLBanks greater flexibility to serve their communities.

However, modernization should not come at the expense of appropriate safeguards. FHFA should ensure that repeal of Part 1272 does not inadvertently facilitate significant expansion of mortgage-purchase activities that could increase risk to the FHLBank System or create new competitive advantages for depository institutions.

At the same time, FHFA should use this opportunity to advance a more modern approach to FHLBank membership—one that recognizes the central role IMBs now play in the nation's mortgage market and provides qualified IMBs access to FHLBank liquidity under appropriate safety-and-soundness standards.

Finally, FHFA should consider whether continued membership and access to the System's benefits should be evaluated in light of a member's ongoing mortgage lending activity, rather than relying primarily on eligibility demonstrated at the time of membership.

The FHLBank System's public benefits should remain closely tied to its statutory housing and community development mission. Aligning those benefits with the institutions that are actually providing mortgage financing to American families would strengthen both the System and the broader U.S. housing finance market.

Thank you for your consideration of CHLA's comments.

Sincerely,

Community Home Lenders of America