March 9, 2023

Ms. Sandra Thompson

FHFA Director

Constitution Center

400 7th Street, SW

Washington, D.C. 20219

Thank you for the opportunity to comment on FHLBank System at 100: Focusing on the Future. Renaissance Community Loan Fund is a CDFI Loan Fund in Mississippi. We have been an FHLB-Dallas Bank member since 2011, and we have participated in various FHLB programs, as follows:

* Advances
* Homebuyer Equity Leverage Partnership (HELP)
* Special Needs Assistance Program (SNAP)
* Affordable Housing Program (AHP)
* Disaster Programs
* Small Business Boost (SBB)

These programs have benefited our borrowers, and with this assistance, many of our borrowers were able to complete the loan process. We are incredibly grateful for FHLB-Dallas providing this support to us, and we look forward to growing this partnership. We have encountered some negative experiences with our membership in FHLB-Dallas, most notably the draconian reduction in our pledged collateral value in 2016, as the haircut for CDFIs was increased from 10% to 30%, meaning the amount of money we were able to draw against the collateral pledged to FHLB-Dallas, decreased by 20% without any change in the collateral pledged. This change was implemented on all CDFI members due to a change by the Credit Committee. Also, we negotiated out of the blanket lien FHLB-Dallas had on our company by further reducing the collateral value by another 10% (40% haircut), thereby increasing the overcapitalization of our advances to more than 1.67x. Also, one other significant negative situation is the prepayment penalty implemented by FHLB-Dallas for an early payoff of the advances. I am unaware of other debt providers implementing a prepayment penalty; our last one was more than 10%.

Renaissance is a member of the CDFI Working Group that has been meeting for several years to find ways to improve our partnership with all FHLB Banks. We participated in the meeting in Chicago in January 2020, where the Working Group presented many different ideas that would benefit both CDFIs and FHLB Banks. Unfortunately, the pandemic weakened our momentum, and we have not implemented any strategies honed after the meeting. The haircut on pledged collateral value was a central focal point during the meeting, and the Working Group crafted a plan to help alleviate this issue in future advances. Non-CDFI members were deemed a perfect conduit to provide financial resources to CDFIs to help serve more low-income borrowers and generate much-needed Community Reinvestment Act (CRA) credit for those institutions that need assistance in achieving a satisfactory rating. Also, using non-CDFI members was a potential avenue to reduce the haircut attributed to CDFI members. We (Renaissance) and FHLB-Dallas tried to implement this strategy, but the non-CDFI member bank introduced by FHLB-Dallas to Renaissance was not interested in partnering with us. The Working Group still believes we will find new ways that FHLB Banks and CDFIs will be able to create new products to serve our target markets, and we are encouraged by the continued interest of our bank, FHLB-Dallas.

Thank you for allowing us the opportunity to provide our thoughts on the FHLBank System, and we look forward to working with FHFA and FHLB-Dallas.

Sincerely,

Chuck Wall

Chief Financial Officer

Renaissance Community Loan Fund