

Programs beyond the Scope of this Guide

As private entities with a mission of providing liquidity for their members' lending and community development activities, many FHLBs have expanded into products unrelated to residential mortgages. They are described briefly below but are not covered in depth in this Guide.

The FHLBs offer discounted advances for economic development purposes through the Economic Development Program, the Community Investment Cash Advance Program, and the Community Investment Program. The Economic Development Program focuses on small business lending and the Community Investment Cash Advance Program focuses on community development activities such as social services, infrastructure, and public facilities projects. Mixed-use projects with a housing component are an allowed use of this program, but few if any of these projects are likely to be owner occupied and the member's financing role is exclusively at the project financing level.

FHLBs also may choose to offer rehabilitation assistance grants to address physical property and accessibility needs for existing homeowners. In the event of a natural disaster, FHLBs typically offer a time-limited package of discounted advances, rehabilitation assistance, and other tools to ensure that members in the affected areas can serve their customers' needs in a time of crisis.

FHLBs also offer "letters of credit" to their members. A letter of credit is a credit instrument that obligates, in this case, the FHLB to make payment to a third party if the member is unable to fulfill its credit obligation. In other words, FHLB letters of credit provide backing for the member to obtain favorable financing terms outside of the FHLB. Letters of credit can be used to help members obtain financing for a variety of uses including government bonds and other government financing.

Finally, FHLBs offer correspondent services. These are different from correspondent services with respect to Fannie Mae and Freddie Mac, where an entity with direct access to the secondary mortgage market acts as an intermediary for entities without that capacity. The Mortgage Purchase Program and the Mortgage Partnership Finance Program offer an equivalent at the FHLBs. In the FHLB context, correspondent services refers to tools that assist in the maintenance of the relationship between the FHLB and the member, including secure internet banking systems, fund transfers, investment accounts, and settlement services.

For additional information about these products and programs, see the individual FHLB summary for contact information.