



FEDERAL HOUSING FINANCE AGENCY

[No. 2025-N-2]

Notice of Annual Adjustment of the Cap on Average Total Assets that Defines Community Financial Institutions

AGENCY: Federal Housing Finance Agency.

ACTION: Notice.

SUMMARY: The Federal Housing Finance Agency (FHFA) has adjusted the cap on average total assets that is used in determining whether a Federal Home Loan Bank (Bank) member qualifies as a “community financial institution” (CFI) to \$1,500,000,000, based on the annual percentage increase in the Consumer Price Index for all urban consumers (CPI-U), as published by the Department of Labor (DOL). This change is effective as of January 1, 2025.

FOR FURTHER INFORMATION CONTACT: Janna Bruce, Senior Financial Analyst, Division of Federal Home Loan Bank Regulation, (202) 649-3202, Janna.Bruce@fhfa.gov; or RG Yamba, Honors Counsel, Office of General Counsel, (202) 649-3399, RG.Yamba@fhfa.gov, (these are not toll-free numbers), Federal Housing Finance Agency, Constitution Center, 400 Seventh Street, SW, Washington, DC 20219. For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

The Federal Home Loan Bank Act (Bank Act) confers upon insured depository institutions that meet the statutory definition of a CFI certain advantages over non-CFI insured depository institutions in qualifying for Bank membership, and in the purposes

for which they may receive long-term advances and the collateral they may pledge to secure advances.¹ Section 2(10)(A) of the Bank Act and § 1263.1 of FHFA’s regulations define a CFI as any Bank member the deposits of which are insured by the Federal Deposit Insurance Corporation and that has average total assets below the statutory cap.² The Bank Act was amended in 2008 to set the statutory cap at \$1 billion and to require FHFA to adjust the cap annually to reflect the percentage increase in the CPI-U, as published by the DOL.³ For 2024, FHFA set the CFI asset cap at \$1,461,000,000, which reflected a 3.1 percent increase over 2023, based upon the increase in the CPI-U between 2022 and 2023.⁴

II. The CFI Asset Cap for 2025

As of January 1, 2025, FHFA will increase the CFI asset cap to \$1,500,000,000, which reflects a 2.7 percent increase in the unadjusted CPI-U from November 2023 to November 2024. Consistent with the practice of other Federal agencies required to calculate and make annual adjustments based on CPI-U changes, FHFA bases the annual adjustment to the CFI asset cap on the percentage increase in the CPI-U from November of the year prior to the preceding calendar year to November of the preceding calendar year. The November figures represent the most recent available data as of January 1st of the current calendar year. FHFA determined the new CFI asset cap by applying the percentage increase in the CPI-U to the unrounded amount for the preceding year and rounding to the nearest million, as has been FHFA’s practice for all previous adjustments.

In calculating the CFI asset cap, FHFA uses CPI-U data that have not been seasonally adjusted (*i.e.*, the data have not been adjusted to remove the estimated effect of price changes that normally occur at the same time and in about the same magnitude

¹ See 12 U.S.C. 1424(a), 1430(a).

² See 12 U.S.C. 1422(10)(A); 12 CFR 1263.1.

³ See 12 U.S.C. 1422(10)(B); 12 CFR 1263.1 (defining the term “CFI asset cap”).

⁴ See 89 FR 2225 (Jan. 12, 2024).

every year). The DOL encourages use of unadjusted CPI-U data in applying “escalation” provisions such as that governing the CFI asset cap, because the factors that are used to seasonally adjust the data are amended annually, and seasonally adjusted data that are published earlier are subject to revision for up to five years following their original release. Unadjusted data are not routinely subject to revision, and previously published unadjusted data are only corrected when significant calculation errors are discovered.

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