FHLBank System at 100: Focusing on the Future Roundtable Discussion — Baltimore – 12-12-22

Please note that this transcript reflects corrections to inaccuracies in the real-time closed captioning in the roundtable video

Joshua Stallings: Good afternoon. My name is Joshua Stallings. I'm the Deputy Director of the Division of Federal Home Bank Regulation at the Federal Housing Finance Agency. And welcome to the Federal Home Bank System at 100: Focus on the Future Roundtable here in Baltimore. We are going to be focusing today on the impacts of the housing issues as noted in communities of color and what the Federal Home System could be doing about that. So, while, since no one's really here to hear from me, I will be turning it over here to hear some notes from the FHFA Director Sandra Thompson to give some opening remarks as we get the roundtable started after which you will be hearing from, our panelist and our moderators on how things will be moving forward. So just to kind of jump right into things, I'll just turn it right over to our Director Sandra Thompson.

Director Thompson: So, thank you, everybody. - Well thank you, Joshua. And I appreciate the introduction and I really appreciate all the participants, both the roundtable participants and our visitors for being here today. This is a very important issue and certainly with the home loan banks turning 90 and approaching their centennial, this is absolutely the right time to conduct a comprehensive review of the home loan bank system. Today, we are hosting the first of a two-part roundtable discussion on the bank's roles in supporting communities of color and closing the racial home ownership gap. This is especially relevant now given the challenges borrowers are facing due to elevated inflation, home prices and mortgage rates, which have gone up almost double since the beginning of the year. Certainly, we're very focused on the disproportionate effect of these dynamics on minority borrowers. You know, we believe that all Americans should have equal access to safe, affordable, and sustainable housing opportunities. Sadly, however, that's not always the case. Communities of color have suffered persistent gaps in access to housing and credit, and the Black-White home ownership gap today is larger than it was before the Fair Housing Act was passed. We can do better than that. We are better than that. I've been a long-time safety and soundness and consumer protection financial regulator, and I know that securing the safety and soundness of the housing finance markets and ensuring equitable access to credit and housing opportunities for all are not mutually exclusive. As healthy markets expand opportunities, it should do so in a way that is safe, equitable and sustainable. Our team at FHFA has been very busy. We kicked off this review with a listening session and we've now completed five roundtable discussions, including roundtable like this one, one that we did in Oklahoma City and Washington DC just a few days ago. We've heard from stakeholders that the banks serve as a source of liquidity for members and that they support affordable housing and community development. The banks have been a critical source of liquidity since their inception, especially during times of market stress. I don't think anybody would dispute that. We know that their a source of strength for community banks, CDFIs, and many of these institutions often lack reliable access to other sources of funding. However, we believe that the banks can and should do more. We've heard from many stakeholders that the banks need to expand their scope and their thinking to be more creative. For example, one key takeaway from the listing session was that while the system allows the banks to respond to local needs, greater support will be vital to address broad-based affordable housing needs in order to close the racial home ownership gap. The banks need to think more holistically about extending their reach and doing more to help those who need it most, especially in underserved communities. That's why this is such an important initiative and why we've been asking big questions about the banks. And we want to make sure that their role in supporting affordable and sustainable housing is relevant and meaningful. We want to make sure that they are supporting the unique needs of rural and financially vulnerable communities, especially communities of color and in supporting efforts that address racial income inequity. With that, I do want to thank again all of our stakeholders for their continued interest in this initiative. The feedback we've received has been overwhelming and it's going to inform our actions every step of this review process. And I want to be clear that there is no suggestion. All right, (clears throat) I do this all the time. Sorry. Sorry. I do want to be (clears throat) clear. Well, maybe not so clear. (Audience laughing) Sorry. This is (clears throat), of course the most important part, no suggestion is off the table. We want to, excuse me, hear big, bold ideas and I also want to hear recommendations that can be implemented in the short term so that we can quickly achieve some meaningful, positive impacts. And sorry but I'm losing my voice right now so I'm going to stop and turn it over to LaRhonda.

LaRhonda Ealey: Thank you, Director Thompson. Again, welcome. My name is LaRhonda Ealey, and I am a Senior Economist and joined by my colleague Chris Bosland, who is the Chief External Risk Officer at FHFA. As the director mentioned, our roundtable today will focus on the role or potential role of the Federal Home Loan Bank System in supporting communities of color and closing the racial home ownership gap. Today's roundtable is the first of a two-part discussion. We'll be holding part two on the West coast after the, or within the new year. For the benefit of those joining us for the first time, today's roundtable is a part of our Federal Home Loan Bank System at 100, focusing on the future initiative, as the director mentioned. More information including the video recording and transcript of todays and past events can be found on our website which we encourage you to visit regularly for updates. While our roundtable discussions are with a small group of people, we are live streaming the discussion so that we can reach stakeholders and extend the reach to as many potential stakeholders as possible. We also believe and I know from experience how critical it is for us to get out of Washington DC and to get into the community and to meet with local stakeholders. Those of you who are around the table as well as you who are joining us in the audience today.

Hearing from local community and housing advocates, builders, developers, homeowners, as well as financial service representatives lend so much to our understanding of how we can further enhance the Federal Home Loan Bank System. So, we look forward to our discussion today. I would like to re-emphasize what the director has already said. No ideas should be put off the table. We are looking for short as well as long-term suggestions. Before we get started, I would like to review some rules of engagement, if you will. First, Chris and I will be moderating our discussion today. We will be directing questions to our participants to get the conversation started. We do expect and hope to have a very open and engaging discussion but also understanding that we may not always agree on all points, but we do ask that we be respectful and asserting or in giving our opinions. In order to keep the conversation going, we ask, and this is a discussion, so if someone says something that you would like to add to, agree with or maybe disagree with, we ask that you place your name card, switch the direction and then Chris or I, will call on you in order that we see your names. We again are hoping to engage all of you. We want everyone to have good and equal opportunity to speak and to participate. Second, again, this review is meant to uncover your earnest thinking. No idea is too big or too small. Third, we will have a break around halfway through the session. Chris or I will note you when it is time for a break. And finally, for the benefit of those who are on the live stream, the roundtable participants have been given a set of prompts ahead of time that we will probably reference during the course of the conversation. And last but certainly not least, I do have a disclaimer that I need to read verbatim. "We have organized this roundtable to obtain your input on the mission of the Federal Home Loan Banks, including input on several specific questions that were sent to you prior to the meeting. During today's session, FHFA will not discuss the status or timing of any potential rulemaking. If FHFA does decide to engage in a rulemaking on any matters discussed today, this meeting would not take the place of a public comment process. The rulemaking document would establish the public comment process and you would need to submit your comments if any in accordance with the submission instructions in that document. FHFA may summarize the feedback gathered at today's session in a future rulemaking document if we determine that a summary would be useful to explain the basis of a rulemaking. Anything said in this meeting and that also includes reactions, nodding, eye rolling should not be construed as binding on or a final decision by the director of FHFA or FHFA staff. Any questions we may have, are focused on understanding your views and do not indicate a policy or legal position. Participants in today's roundtable may have a financial interest, whether direct or indirect on outcomes that may affect the Federal Home Loan Banks and their businesses. As has already been mentioned, today's roundtable will be live streamed on FHFA's website and video recorded. FHFA may also prepare a transcript of today's session which would include the names of all speakers and the organizations they represent, if any. The recording and any transcripts repaired will be posted on FHFA's website and YouTube channel along with any materials being presented today or otherwise submitted in conjunction with the roundtable." And now that we've gotten that business out of the way, I will turn it over to Chris so that he can begin this very insightful discussion.

Chris Bosland: Thank you, LaRhonda. You don't want to ever get sideways with the lawyers. So good job reading that disclaimer. Good afternoon, everyone. I'm Chris Bosland. We've heard a lot from FHFA folks, so I won't belabor. Very excited, I think we have a distinguished panel with a lot of broad range of expertise in various communities. I think we're gonna have a great discussion. We're here in this wonderful building here in Baltimore. It's very, I will confess, when I first heard it was a brewery, I thought it was gonna have a really interesting discussion, (audience laughing) but I, nonetheless, I think we're gonna do fine. As LaRhonda said, these things work best if you all engage each other. The more that she and in particular me talk, the more likely how we are to get in trouble. And we really wanna hear your ideas. So please follow the, turn the cards, we'll do our best. But you know, you don't necessarily have to wait for us to interject. So, while we had a chance to meet and chat a little bit beforehand, for the benefit of the folks here and watching on the stream, let's each go around the table and do a brief introduction. And let's start with Bryan down at the end.

Bryan Greene: Thank you, Chris. I'm Bryan Greene. I am the Vice President for Policy Advocacy at the National Association of Realtors. We are the largest trade association in the country with 1.5, almost 1.6 million members. I think you all know of the realtors. If you are a real estate agent, you are not necessarily a realtor, but if you are a member of our association, you are a realtor. And we have a, as a central part of our mission, increasing home ownership in this country. And we're very concerned about the racial home ownership gap in the country. And very honored to participate in today's discussion on how the Federal Home Loan Banks can help there. Think every word of that name, the Federal Home Loan Bank is critical and hope to speak on every one of those words and how important they are to furthering the mission of home ownership in this country today.

Chris Bosland: Thanks, David?

David Dworkin: I'm David Dworkin. I am President and CEO of the National Housing Conference. We are the oldest and broadest housing coalition in America. And like the Federal Home Loan Banks, we were created in 1931. As an unlikely coalition of lenders and builders and real estate professionals, religious leaders, and advocates to find common ground and develop solutions to our affordable housing problems throughout the 20th and now 21st century. We are really pleased to be here, particularly on this subject. Early on in my tenure here, we created a Black home ownership working group to address the issue of Black home ownership and ultimately converted that into an independent Black home ownership collaborative which I'll note Bryan co-chairs. And we have eight members, National Urban League, the National Association of Realtors, the NAACP, the MBA, the National Association of Real Estate Brokers, the National Fair Housing

Alliance, and we get research from the Urban Institute, and we've really worked together to develop a seven-point plan to help close the gap in Black home ownership by creating 3 million net new Black homeowners by 2030. And I think the Federal Home Loan Bank System and individual banks can play really a quite a significant role in helping contribute to that effort and some of them have already.

Rev Luis Cortés: Good afternoon, everyone. My name is Reverend Luis Cortes. I'm the Founder and President of Esperanza. We are a faith-based community development corporation based in Philadelphia. We work with over 10,000 congregations in the United States. And in Philadelphia, we work with 210 small businesses in our economic development corridor. We have charter schools with over 3,000 students. We have a branch campus. We have a housing counseling. We have a branch campus of Eastern University. We're a housing counseling group. We are a national intermediary. There's three Hispanic national intermediaries at HUD. We're one of the three practicing in eight states. We do affordable housing development; we've done low-income housing tax credit deals and home fund deals and community CDBG funded deals. I served on the Federal Home Loan Bank of Pittsburgh as an independent director from 2002 to 2006, served two years as a consultant to the same board and then rejoined the board from 2008 to 2021. As a board member, I was Vice Chairman of the board of the Federal Home Bank of Pittsburgh. I served at the Council of the Federal Home Loan Bank. I chaired affordable housing for almost every year I was there. It was my favorite committee, but I also served on the HR committee several years of my years on the tenure. And I'm very happy to be here and I am looking forward to the conversation.

Chris Bosland: Thank you, Rian?

Rian Hargrave: Hello everyone, I'm Rian Hargrave, the founder, and President of Onyx Development. We are a Baltimore based real estate development company focused on vacant lots and vacant houses here in Baltimore. And those are particularly for underserved communities. So, on behalf of the whole city, I wanna thank the Home Loan Bank, Federal Home Loan Bank for choosing Baltimore for this as the location for this conversation today and all of you for coming here today.

Glenn Wilson: All right, thank you. First, I would like to say thank you so much for having me here today. Thank you, Director Thompson and FHFA for putting on this wonderful event and bringing such wonderful people together to have a collaborative conversation. I'm Glenn Wilson, President and CEO and co-founder of Communities First, Inc, community development organization out of Flint, Michigan. However, we operate across the state of Michigan, Indiana, Ohio, Illinois and looking to move into Wisconsin. We're one of the largest minority-owned or minority ran organizations in the state of Michigan. So, we do multi-family economic development, but we also do a lot of programming for wealth creation and wealth generation for communities of color, which is helping people with financial literacy, providing access to capital, or showing people how to get loans or getting access to first-time home buyer credits. And just anything, we always say we're here to remove barriers. And so, with the name like Communities First, we try to figure out what we're trying to do to remove barriers and with the Federal Home Loan Bank and what this program, not program, but what this institution is working to look towards, it's trying to create access and opportunity and Director Thompson's vision for creating a more equitable future. I'm very interested in this conversation and what can happen for the future. I also serve on the Federal Home Loan Bank of Indianapolis Advisory Committee as well. I also serve on Flagstar's Advisory Board, Flagstar Bank which is now New York Community Bank that just had a merger, but I also serve on their advisory board and a couple other financial institution and larger corporations that I provide advising services around financial and foundations and different things of that nature. So, looking forward to hearing this conversation. Thank you so much for having me. Thank you.

Hope Atuel: I'm Hope Atuel. I'm with the Asian American Real Estate Association of America. Thank you for the invitation to participate in this discussion. AAREAA is fairly new. We've only been in existence for the last 20 years and we were started to really address housing and home ownership issues as it relates to Asian Americans and Pacific Islanders. And so, while I'm not terribly familiar with the work that Federal Home Loan Banks do, we have been working with FHFA to address some of the challenges which includes language access for many Asian Americans. A lot of us are foreign born, two-thirds of the community is actually foreign born so language is a fairly important, I would say, issue. And understanding the mortgage process is fairly important for a lot of our community members. And so, it's great that the PLDF, the preferred language data field is now part of the consumer Information, and the addendum to the (indistinct). So, we wanna thank you for what FHFA did for that as that will be part of the data collection when it comes to language and preferred language for a lot of minorities here in this country, not just Asian Americans. The other work that was recently done by the FHFA was to allow alternative credit which is an issue for our community. It's not bad credit but it's thin credit files similar to what I think the Hispanics are also going through. So again, while not terribly familiar with Home Loan Banks, the work that we've been doing with FHFA certainly has been impactful and are changing the lives of Asian Americans and access to a home ownership.

Jason Riveiro: Hello, everybody (laughs). Nice to meet everyone. Thanks for those that are joining, I guess virtually here. So, my name's Jason Riveiro, I'm the executive director for NAHREP which stands for the National Association of Hispanic Real Estate Professionals. Our members are comprised of not just realtors, but we also have individuals in the lending space and title and other ancillary lines of business within the real estate ecosystem. Our focus, like similar to AAREAA's, is also advancing sustainable Hispanic home ownership. And we do that primarily through our members, right? We know that primary home ownership is very important. We also focus a lot on access to capital for entrepreneurs and then overall education to help build generational wealth. And we know that home ownership is really the foundation to build that generational wealth when you compare anybody that has a home versus when they rent, right? So, I think we all know that very importantly. And so, we've engaged with FHLB as (indistinct) with really just one bank in the system, San Francisco in the past and not have had much experience with others up to this point. And so, I know the conversation that we're having today here is so very important, especially when we're talking about the allocation of resources and assets really coming together to impact our communities, so are important. So, thank you for this opportunity.

Chris Bosland: Great, thank you all. And I do wanna note that we had one participant who unfortunately couldn't be here today, Laura Arce from Unidos and we hope everything's okay, and we will miss her absence. But one thing in this whole process, we are continuing to solicit input and so anyone who's not able to join today and as well as those who are here today, should feel welcome and invited to provide further comments as we go through this process. And I did wanna, Hope, just touch the fact that you don't have particular expertise in Home Loan Banks may actually be a benefit in some respects to the conversation. You're here for your expertise and the community that you serve now. And so, anyone else who falls into that category, you're not alone as we found in a lot of these conversations. There's a lot of folks out there who aren't really aware of the Home Loan Banks and what they do. So that is very much part of what we're trying to elaborate here. I think as you've went around the room, we've got a lot of different communities represented here geographically in terms of groupings. We've got realtors and non-realtors so maybe we can get a little contention going there. No. (audience laughing) But I think just for setting the groundwork, you know, everyone has ideas here. We had, as LaRhonda mentioned, participants provided some of those thoughts in advance and we'll be referring to those throughout and we very much wanna hear the big ideas. But in order to, so that doesn't suck up the air, we're gonna break the discussion first. We're gonna talk about the problems you're facing and you're finding in the people, that communities that you serve, just to sort of lay the groundwork and maybe expose some areas where the Home Loan Banks might not be currently active or as active as they might be. And we'll talk about some experiences and institutions that are doing good jobs or not good jobs whether they're Home Loan Banks or otherwise meeting those. And then later on, then we'll get to the juicy stuff about all your great ideas for the future. So, which does remind me, David, I hope we'll be invited to the NHC at a 100 initiative (participants laughing) which presumably is coming up soon. So, with that, I guess the first question is, you know, all of your communities are distinct, obviously we don't wanna suggest that there's commonalities, but it would be very, I think, useful for us to hear specifically what types of challenges homeowners, particularly creditworthy homeowners or borrowers in your communities might be facing and where the gaps might be. And since we're in your hometown, Rian, let me first turn to you.

Rian Hargrave: Yes, I, this is a question that I definitely have experience with. Presently, it's happening as we speak. I just finished the first house of a block of eight homes in southwest Baltimore. And the city had, Baltimore city had committed almost 50 to $60,000 of down payment assistance. Some are in the form of a forgivable loan, and some are in the forms of grants. And with that $60,000, you know, I was able to target an 80% AMI which is about $80,000 for a family of four here in Baltimore. And with that down payment assistance, it would be extremely difficult and highly unbeneficial for me to target that audience without the down payment assistance. And so, this entire time throughout the closing, we have found that the $60,000 that was originally slated for the buyer, that money is essentially gone. And so, you know, if it cost me $300,000 to build this house and I was already, you know, trying to sell it for let's say $300,000 with $60,000 in DPA to get below that AMI, you know, that would be an affordable mortgage for someone at 240. It's a, you know, it's a huge home, three stories and an unfinished basement so the potential to add more to the house but without that assistance, I can't sell it for the price point of $300,000, for example. So, I find that relying on city and state government to be the main source of down payment assistance when they don't have the funds themselves to allocate these funds is a huge challenge. And I think if you know more banks, you know, each of the lenders that I did speak to have like a $1000 credit or $2,000 credit if they make within a certain income. But, you know, essentially, it's not enough. And so that is one of the biggest challenges that I'm having presently in terms of, and it's not even, it's a challenge for me as the developer but it's a challenge for the homeowner because they're not able to get a larger house for a more affordable price. And as we know with interest rates doing what interest rates are doing, it's very challenging for them to buy in this present market. And it's very challenging for me to try to keep lowering my price and end up not making any profit on this house to make sure that I keep it affordable. So, it's somewhat of a, everyone's caught in the middle presently without down payment assistance coming outside of the city and the state government.

Chris Bosland: Great, thank you. Oh, let me, oh, I anticipated you were gonna turn your thing but let's hear your thoughts.

Hope Atuel: Yeah, just to piggyback on what Rian had said with down payment assistance program. So, you take a look at the Asian American and Pacific Islander community, and we typically live in high-priced markets. We're a very bicoastal community. So, gateway cities, very, very large and dense in the West coast, right? You have San Francisco, Los Angeles, San Diego, where I'm from. Then you have Seattle and Portland. Then you take a look at the East coast, you have Boston and New York and Washington DC. So right now, very high-priced markets. So down payment assistance is fairly, fairly important for us for accessing homes. And it's already hard enough to be saving for even 3%, right? 3% of a $1.5 million home in San Francisco which I think is the median home price now for San Francisco. You do the math; it's going to take a long time. And for that individual or potential homeowner to be missing on the equity because of the lack of down payment is, I think, critical, particularly in this environment. So, I do agree with Rian in not just state and government down payment assistance to all of the communities.

Chris Bosland: Glenn, go ahead.

Glenn Wilson: Thank you. Yes, I agree with all those points and I just wanna add to it a little bit, just kind of some historical context to some of the communities that are similar to, I would assume some of the communities that you're developing here in Baltimore that might be similar to Flint as well. But even when you go back, you know, to a just kind of bringing an appraisal bias where houses at one point never even had that value, right? Even though the pricing in a very similar area that's in an affluent White neighborhood. So, I'm definitely interested in looking at the Federal Home Loan Bank System, right, and what it can do to provide additional resources. But I also want us to be looking at the other aspects of that that's not helping the Federal Home Loan Bank System at all. Because even if you provide additional resources but if you're still having appraisal biases that are popping up, I think the FHFA just did report not too long ago about appraisal bias. So, we take a look at that, dig a little bit more into what's happening so as additional resources present themselves to make sure that those same areas are not being disproportionately appraised at lower values. So, you know, those things have to go hand in hand together because examples in Flint, we have, I'm just not gonna say the street but we have some streets where literally you can cross one street, right across that street, there's houses that are four, five, $600,000. You cross right over, they drop, you know, 80, $90,000, I mean to 80, $90,000 to buy a particular home. That's a big drop, right? Some of the homes are very similar as far as size, however, one of them are lived in it by predominantly Black and the other one is predominantly White. It has a little bit more mixture now. But even when you follow the segregation of how our city was redlined, particularly as far as when it comes to segregation, it shows how some of the inequities have played into those particular pieces. So, I think we also need to take a look at that because that's what's happening in our area is that, you know, we've had people say, "Hey, I wanna buy this home in the neighborhood I grew up in." And they come, they're very excited, they find a home and then they say, "Okay, well, I'm gonna need a mortgage and I need to fix it up." And then they say, "Okay, well, let's go to the bank and see what we can get." And they're thinking, "Oh, well I just, you know, I was living in California. I had a $600,000, this house has gotta be $300,000 at least." Like, no, it's not. Then they go to the bank and, "Oh, I'm sorry, you know, this house only appraised for $80,000." And they're like, "What? You know, I need $150,000 to fix it up. This can't appraise for 200." But then just two blocks over, you got houses appraising for $300,000. So, it just shows you, you know, the disparities of what's happening is that people want to move back into communities of color. But there is something that has to be done to address both of the sides of this coin to ensure that if there is additional funds, that the additional funds can actually go back in those communities without the bias.

Chris Bosland: Thank you. I note that in your written comments you made that, you brought up a related point about the lack of minority appraisers.

Glenn Wilson: Yes, yes.

Chris Bosland: And that's hopefully there is something we can get back to a little later.

Glenn Wilson: Yes.

Chris Bosland: But I do want to get David in here.

Glenn Wilson: Yeah.

Chris Bosland: David, I think in your marks, you had noted, you had talked a bit about small dollar loans and wondering if that's something you wanna comment on.

David Dworkin: So yeah, I think that, you know, we have two big problems in terms of housing supply here. Some of the housing prices are far too high and some places, they're far too low. And that last part seems counterintuitive but where prices are too high, we have a.

Unknown Speaker: Microphone.

David Dworkin: Where prices are, I'll start over. One of the problems we have is that when we talk about housing supply, we're facing the fact that in some areas, housing prices are too high and in other places, they're too low. And that seems counterintuitive but when we look at the high-priced areas and that's occurring in more and more communities throughout the country, we don't have enough supply. We're just not building enough housing that's affordable. And that fact that the housing needs to be affordable is a big deal because the smaller the mortgage gets, the fixed costs play a higher role and they're less economic for lenders to make. They're also less economic for the loan officer and the realtor. And that's something we also have to pay attention to because I don't think it's fair that we ask the real estate agent and the loan officer to underwrite our policy priorities with their own income. And so, we've gotta be able to address that. The other thing is that when we look at places where homes are too low and you can just look out the window here, you don't have to actually even leave the building. You can see that the disinvestment and you know, what I call the scars of redlining, and this is where we've had this damage that's been done. And appraisals play a role in that. And I'll just say an appraisal, the fact that anywhere in this country, someone has to whitewash their home and pretend they're something they're not in order to get a fair appraisal is really disgusting. And I'm embarrassed that we are even talking about this in 2022. I appreciate that Director Thompson and Secretary Fudge are working on this and that there are a wide range of private sector groups that are also trying to figure out how we're gonna fix this cause it must be fixed. But the issue around these appraisal gaps, we have to be able to close. And I think this is one of the areas where the Federal Home Loan Banks can play a role, both in terms of bridging subsidy dollars which is an option in terms of targeted acquisition development and construction lending. And then finally there's a piece of legislation that's being considered as we speak. Hopefully it will find its way into a bipartisan tax bill before the end of the year called the Neighborhood Homes Investment Act. And this is a tax credit that actually would help close that appraisal gap so that when you're buying a home or building a home and or rehabbing a home in a community, you can actually help restore that housing stock and restore the neighborhoods where frankly it needs it the most.

Chris Bosland: Thanks David, Bryan.

Bryan Greene: Thanks. So first I just wanna make sort of a foundational statement. Jenny Schuetz at the Brookings Institution and talking about the housing needs in this country made what I thought was a pretty provocative statement. She pointed out that, you know, in this country, if you qualify for food stamps, you get the food stamps, you get the help. But when it comes to shelter in our country, people are, you know, often left on their own. We are not meeting that housing need, even with vouchers even for the least. There's no guarantee you're going to have any kind of housing support in this country. So, I do think it's very important that the federal government do everything it can to sort of max out or if it can't max out, you know, identify all the various programs that can come into play to help address this affordability crisis. And I commend Director Thompson and FHFA for doing just that for looking at all these different potential programs and how they can help and looking at all these issues, including the appraisal issue where FHFA can make a difference. So, I think, you know, we're talking about literally, you know, finding every piggy bank, you know, looking for the change in the utility drawers and you know, in the sofa cushions, wherever we can to make these different programs work. And in particular, we at the National Association of Realtors are emphasizing the need for there be more of a federal, an active federal role in addressing, as we've all talked about, communities of color, but also high-cost areas which overlaps with communities of color very often, especially for Asian Americans, but also for many other groups. And then first-time home buyers. Often communities of color too, whether they're immigrants or because their families did not have the opportunity to develop equity because of historic exclusions. But we just have, you know, whole generations of folks who may not be able to follow after their parents into home ownership. You know, we hear a lot about student loan debt and the changes, you know, and how we pay for education too that are contributing to all that. So, I believe that we've gotta look at all of these areas and a lot of people probably listening have never even heard of the Federal Home Loan Banks (laughs) despite their name. And so, I just commend FHFA for looking at this very important tool.

Chris Bosland: Thanks, Reverend?

Rev. Luis Cortés: So, I wanted to respond to this a couple of ways. In response to the first question, some of the Federal Home Loan Banks already have programs to support first time home buyers. At Pittsburgh, we were giving through a program called First Front Door. First time home buyers through our member banks were receiving $10,000 toward closing. So that's an easy program that other banks, other Federal Home Loan Banks can replicate. But I also wanna focus a bit on affordable housing for the majority of the Hispanic community which is not home ownership housing. And we have a homeowner, we have a housing crisis in America, not just a minority home ownership crisis. So, it's really important that as we begin to look at what the Federal Home Loan Bank can do that and not be relegated only to helping the smallest part of my community become a homeowner. Whereas the largest part of our population can't afford a home. So, I think it's really important. I'm part of a project with the Aspen Institute, the Aspen Hispanic group, and one of the things we were looking at was building up our communities. So we were in San Bernardino, East LA, Chicago, Miami, Calle Ocho in Miami, which is known as the Mexican East LA, which was Hispanic before the United States was there. San Antonio, where the leader of that group is former HUD Secretary Cisneros and Philadelphia of course where I am. So, we found this as we repair and make our community better, it's being purchased not by Hispanic and African American leadership but it's being purchased by REITs, it's being purchased by Blackstone, it's being purchased by folks who wanna purchase it, make it a little bit more expensive and then sell it back to us or to others. So, I really think that part of the dialogue we need to have as a Federal Home Loan Bank System and the challenge for us is how do we help minority communities own their communities and how do we help nonprofit groups to be able to own parts of the community to ensure that the cultural, that it maintains a cultural cohesion. Cause if not, we would go the way of Boston where the Hispanic communities now in another city or Spanish Harlem where I was born and raised which is no longer Spanish, it's still Harlem, but it isn't Hispanic anymore. And even Washington DC where Adams Morgan used to be a Hispanic community and its' no longer Hispanic community. And in all those cases, the people who live there are now in a poorer economic state because they had to move to other neighborhoods where the local economy, which is also lost when there's a transition, what you lose and what poor people, economically distressed families lose is the ability to buy their food at a good price locally, get their automobiles repaired locally at a good price. So, we always talk about the housing. We normally have, are dis-attaching it from the economics of a local community which I think is really important to have as part of the dialogue so that if the Federal Home Loan Bank is gonna get into the economic development business, it should be looking at how to help maintain the integrity of those small businesses that take care of the economically disadvantaged. Thank you.

Chris Bosland: Thank you. Rian and Glenn, I see you still wanna get in but I, let me get Jason in here since he's not, had a chance. Jason, go ahead.

Jason Riveiro: So, I don't wanna hit on the affordability. I think I agree obviously, that's the most important pressing issue I think, you know, if there was some short-term kind of areas to kind of focus in on, I think they're very important, you know, so when we look at the Hispanic market, I think it's a double-edged sword. We have been fortunate to, as a community, seen over seven to eight years of consecutive home ownership rate growth. So, there's a lot of momentum there. The Urban Institute, if you saw last year, predicted that there will be no new net non-Hispanic White buyers, right? And so gonna be 70% of those will be Hispanic net new home buyers, first time home buyers in the market. So just looking at that, if you're looking over the next 20 years, this is a market that is ripe, you know, a lot of mortgage ready individuals. And so, the industry as a whole, I think lacks an opportunity really. I mean it has an opportunity to focus in on the practitioners, right? I think a lot of it, the way we try to focus is this is not just a regulatory thing, this is not just a CRA thing. This is also a great opportunity for the business to diversify your professionals that are qualified that can serve these communities. Not just ours but you know, obviously the diverse communities that we in. And so, as an industry, we're not very diverse, right? I think the numbers show that there's a lot of effort that can be done in that. I think within the FHLB system, if we looked at senior executives or the board compositions of that, I think that's an important opportunity to strengthen that. The second thing is that there is a role really to help with, to fight back against the, what I would say misinformation. Whether it's a lot of misinformation around home buying, financial type of resources. And when I, when we have all these corporate partners that are involved in our organization and they're all trying to make their own in, you know, their own ways into the community. Communicate and they try their own ways but there is an opportunity to consolidate all these programs that are available for them. Cause those are not there. There's no consolidation effort to say, hey, all these special purpose credit programs are out there, these are the things that, the programs that are happening. How can we work together to consolidate all that info to make it more aware? Cause even our practitioners that are on it every day, maybe you only know a handful of different programs, but we know that there's plenty more out there. So, educating our own population on what's available, that's gonna help a lot. And I think that there is a role for an entity like the FHLB to kind of help, you know, consolidate some of those programs. So those are just some points I would make.

Chris Bosland: Thanks Jason, Rian did you want to get back in really quick?

Rian Hargrave: I just wanted to add something. I completely agree with Reverend Cortes's points. Philadelphia and Baltimore are extremely similar. Baltimore, you know, is a 65% Black city. We do have a thriving development community here with Black developers. I see Armstead Jones over there, a friend of mine and fellow developer. But we also are being bought out by LLCs and REITs and things of that nature. But what I really wanted to also add on about challenges to homeowners is similar to Glenn's point of appraisals is that the title companies have to also be brought into these conversations earlier rather than later. Because what's happening in Baltimore is that, you know, a vacant house can sit for 30 years. The taxes on the house are 50, $70 a year for the developer. Once we renovate it, it now has a tax assessed value, you know, of the after-rehab value. And so, we do have a lot of tax credits that the homeowner can apply for but that's after the first year they've been in the home. So, your taxes, your first year could be as high as $6,000. And not only is that a high price but you have to qualify for that with your lender for 30 years when you do your pre-qualification. So, it's automatically cutting out a handful of people based on something that's not even accurate. You know, it's based on something that is the, a worst-case scenario if your tax, if you don't apply for the tax credits. And so, I think that's also just something that we have to think about as looping in title companies as well.

Chris Bosland: And I think that's a great point. And that leads me back to something and this is where staff gets crazy cause they're like Bosland's going off script again. But it's come up a couple of times and we've talked a fair bit about accessibility, down payment assistance and affordability on the front end. But in the background, there's another thing that Director Thompson's made it a focus is sustainability. Not necessarily just with respect to environmental sustainability but sustainability of the, in the mortgage or in the home. And some of you all had made some comments in your marks so I just wanted to invite any thoughts you might have on, you know, sustainability as opposed to accessibility and affordability.

David Dworkin: So, I think when we talk about expanding the credit box, when we talk about appraisals, we have to be very, very careful that we're dealing with systemic problems and not taking on additional risk. And we don't want the appraisal to be unfair, but we don't want it to be inflated either because we don't want to have a family put in a position where they're underwater in their mortgage on the day they come in. And the same thing with credit. I think that Director Thompson recently announced that they're going to be expanding the credit box to include, and we'll get really technical, FICO 10 and vantage score which are basically two newer ways to assess the risk to the homeowner and to the lender. And I think that's really important but we also wanna make sure that the consumer is ready to be a homeowner and if they're not ready, we wanna help them get ready. And so sometimes the right answer is not yet now. And we have to be mindful of the fact that we know what it looks like in these communities when we set people up for failure. And even under the best of intentions. And so, this is where I think we have not been imaginative enough in really helping identify where people are gonna have the ability and capacity to maintain a mortgage even though their credit isn't traditional. And I think one of the areas that's been really important is looking at rent payments, but we want people to succeed. We do not want the American dream to turn into the American nightmare. And we've had that experience recently. One of the things that I think we've struggled with in expanding Black home ownership is that we've got a million and a half mortgage ready Black consumers out there right now who could become a homeowner but choose not to. And one of the reasons they choose not to is their family experience makes a pretty strong case against that. They've seen equity stripped from their family's homes, they've seen discrimination firsthand, and a lot has changed since then. We need to be able to make that case, but we also need to recognize that the resistance is very real, and it's founded on experience, not just on, you know, myth.

Chris Bosland: Thanks, Glenn?

Glenn Wilson: Yes, thank you. When we were talking about accessibility and affordability, I guess I think about, just because things are available doesn't mean they're accessible, right? So, it's understanding the difference between availability and accessibility. Because just because the Federal Home Loan Bank System has certain programs that are available doesn't mean that people know how to access them, right? So, I think that's one of the biggest issues that we have is just an accessibility of information, making sure that it's getting out to all different walks of life. And as far as when it comes to availability and accessibility of home ownership, one of the other biggest issues that you have, people might, houses pop up on the market all the time, they're accessible. But do you have the available cash quick enough to close? That's a whole another different story. Now, that's not accessible because you might have a program or a governmental program that's given you first time home buyer assistance, you wanna buy a home but it's gonna take you 120 days because between when that program when you receive that grant, before that even goes to hit, to go towards the purchase of that home, even though you already pre-qualified, but you have, as Reverend Cortes said, you'll have a REIT or a different entity come in, they have the ability to cash in 30 days, right? Is there something that can be done, right, to help protect if someone is able to get in a bid in. Is there something there to protect them instead of saying that the house has to close? If they are, if they have all the available information and they're able to close and they get the bid in first, are they really gonna have their bid taken? And I think those are some of the higher questions that have to be asked. Or there are things that's gonna have to be done where the programs are gonna have to be flipped where the grant and the money is gonna have to be given ahead of time so then the consumer can be available and able to close on those homes within, you know, 30, 45 days quick. You see what I'm saying? So that's one issue. And then also just the, and then also just the availability just of housing stock as well. It's not as much as people think as far as good quality, affordable housing stock. And the stuff that is good are the things that are bought very quickly. So, it's making sure that there are programs out there, there's funding available to be able to help the developers develop the product. Because right now, as interest rates are growing, who is saying, like, who are, who risk are we protecting, right? When it comes to the Federal Home Loan Bank or it comes to the FHFA, it's like when you really start thinking of adjusting the risk there of making sure liquidity is available, you know, to member banks and institutions to be able to give these loans, to developers in general. I mean, developers of color or whoever, but you need additional capital to build these homes at a cheaper rate in order so you can produce. The lower the rates, the more things can happen. But then you also have the whole construction side. I know we're here to talk about the Federal Home Loan Banks, but you know, continually, you know, cost of construction increase right now, that's continually rising with rates. So, what happens, you know, that's right now, that's just causing the whole market right now to just stop even though people need housing, but people are not able to get it and it's making it more inaccessible and more unavailable. Yeah.

Chris Bosland: Bryan, did you have your card turned?

Bryan Greene: Yeah. I just wanted to emphasize the points that David made. I was thinking the same thing that, you know, it should be a given here that we are talking about extending credit to credit worthy borrowers who are overlooked currently. And that what we're talking about is doing a lot of what FHFA, you know, what the GSE's have been doing to recognize that there are more tools, more resources, more imaginative thinking that can be employed in the FH, sorry, in the Federal Housing Loan Bank space. And so, you know, there's great opportunity for liquidity. There's a need to restore, I would say restore the true mission of the Federal Home Loan Banks. There ought to be some degree of oversight and test perhaps to make sure that they are doing more in this area but we're talking about being proactive in identifying consumers and coming up with the innovation to identify consumers who, you know, could per, could be homeowners but aren't currently. So, we're talking about, you know, not necessarily going up to 11, but knowing that we can do a lot more with the mission as it's currently.

Chris Bosland: Great. And you know, I know a lot of you have ideas for innovation and so we'll get to that on the back end. Hope, did you have a real point really quick one before (indistinct)?

Hope Atuel: I do on sustainability to just pivot in an idea, kind of like what Asian Americans, particularly home buyers who have challenges when it comes to being English proficient are having resources that are available for them when they need to, let's say, go on forbearance on their loan. So, I have to applaud FHFA and the GSEs that when the pandemic hit, those forbearance options were in the four Asian languages were readily made available. And in 2008, what our members have reported is that there were many Asian Americans who foreclosed unfortunately on their homes because they didn't understand the options that would be made available to them. And that continues to be a persistent problem. So even having housing counselors that could provide in language assistance, I think would help greatly in the sustainability issue for homeowners within the AAPI community.

Chris Bosland: That's great. And the, you know, the, there was a common theme of counseling literacy programs and so forth. And that might be an area we explore as well. I know you two gentlemen wanna get in. I'd like to transition a little bit to where you see ideally the Home Loan Banks, but if not, other financial institutions in the communities doing a good job and where they're not confident that David and Reverend can spin their answers to ostensibly fit that category but that they get their points in. But Reverend.

Rev Luis Cortés: So, it's my understanding that the mission of the Federal Home Loan Bank is to create liquidity and affordable housing. It's not to create liquidity and home ownership. Home ownership is a subset of affordable housing. And as I have a concern that the entire dialogue may end up talking about 80% AMI and that we will forget the 30 to 60% AMI that is severely under housed in our country and is a growing group. Massively, steadily, speedily growing group in our country and what role the Federal Home Loan Bank can play. And so, for me, the question of innovation or moving forward is a cha, I see it as the FHFA's role to do that with the Federal Home Loan Bank. And by that, I mean the FHFA can challenge, can create a safe space, and then judge the results of that safe space. By challenge, I mean that whatever we're gonna come up with is gonna have to be regulatory and not legislative. I served for 20 years in a system waiting for legislative change. It never came. And given the state of our government today, a federal government today, I doubt that we will be able to get significant legislative change on the mission of the Federal Home Loan Bank. But in terms of the regulation, it is clear that the FHFA regulates the Federal Home Loan Bank system both and how it creates and manages liquidity and what it does for affordable housing. So, from my perspective, the challenge is to FHFA. How can FHFA using its regulatory power create more affordable housing? And so, I wanna talk about then if that's the challenge, then the challenge is to create a safe space. I served on a board where innovation is a no-no because if you innovate, you run the risk that your regulator will create an immediate finding. And so, a finding to management and to the board is, that's the worst thing in life that could happen. So, one of the questions is how you create a finding are usually in order to protect safety and soundness. So how do we create innovation and a space that allows for safe, that allows for some safety and soundness issues but doesn't become a hammer for the regulator because management's been trained from the day, they became a banker. Avoid problems with your regulator. So have the boards. We get trained on that all the time. Secondly, I served on a HR committee of the Federal Home Loan Bank system for about 15 of my 20 years of service. Anything that is incented gets done. If it's supposed to be important, it's supposed to be incented. I would ask that the FHFA looked back over the last 15 years, 10 years. How much affordable housing work is incented by boards or by the FHFA itself. So, if we do not incent it, it is not important to management and there, something that is incented is important to management. And so, I think that's important. I also think it's up to the FHFA to define AHP as something as mission beyond the 10%. The Federal Home Loan Bank of Pittsburgh, which I served, created an economic development program for $2 million a year. We did have findings on it. I was part of that group that had to defend that project, that product. We have done non-, $5 million a year. We did $5 million a year for the homeless over a three-year period. So, it is possible to get outside of the box, but it isn't easy. And for management, it's difficult to give away money, right? Cause your mandate is your 10%. To give away money and then run regulatory risk while you're doing it. So, and so I think that's important. And then by judge, so I said challenge create and judge and I'll end with this. Like diversity and inclusion, it should be a collaborative effort. When the diversity and inclusion project started within the Federal Home Bank System, I can say many of the board members were uptight about it. I'll just use that terminology. And it has shown that it has speeded up process. It has not been adversarial, and it can work. So, I think we have some historical understanding of what can be done to get outside of the 10% box or the tax as it's referred to by some of my fellow board members. Thank you.

Chris Bosland: Thanks, and I take your point though. I go back long enough to know that there wasn't a, there was a time when the banks didn't always jump when the regulator said boo. So, on the one hand, I feel glad that they respond but I hear what you're saying. David, did you want to?

David Dworkin: Yeah, I think it's important when we talk about this issue that we recognize that there's a false narrative out there and you still hear it pretty regularly, that if we expand the credit box, if we try to bring more people into home ownership, we're gonna be making all the same mistakes we made during the run up to the Great Recession and the subprime crisis and neighborhoods are gonna collapse and people are gonna fail. Banks are gonna become insolvent and we're gonna have, you know, a financial crisis. And I think that's just wrong. There's a lot of research that shows that that's wrong, both because we have created a lot of legislation and regulations that avoid that but also because for many people, especially in Black communities, what we saw in the run up to the Great Recession was not this false narrative that irresponsible people bought homes they couldn't afford with bad mortgages, but that in fact, people who got good mortgages in the nineties from Fannie Mae or Freddie Mac or the FHFA were serially refinanced and had their equity stripped over and over again until they could no longer afford to keep their homes that they bought following all the rules we'd like them to follow. And so, we have to recognize that how we expand this is very important and we have to make the case that this is not something we're doing that's irresponsible, just the opposite. And that we've learned and legislated and regulated around the lessons of the past. So, I think that's a foundation for us. I think that one of the most important things that Federal Home Loan Banks can do with the guidance and permission and sometimes direction of FHFA is to create pilot programs that test some of these concepts. And that we can see what's operating safely, what may not be, we're paying attention, we can stop things that aren't working, we can expand things that are. This is where small mortgages come in. How do we do that effectively? How do we create more opportunity in these communities? It also has to do with things like acquisition development and construction loans, which are very high risk. And we wanna be very careful how we're managing that. But right now, I mean, this is an incredibly procyclical and leveraged impact because if you can't get an AD&C loan, you're not building new housing. And if you're not building new housing, then you're adding to the supply crisis and contributing to inflation. And so, for us to be able to responsibly securitize these loans and help make them easier to get in the economy right now with rising interest rates, it's not just that the rates are high at AD&C loans, banks just aren't making 'em. And I get that, but we've got to continue to invest in the future or we're just gonna be digging the hole deeper.

Chris Bosland: Yeah, and I noticed Rian was nodding her head at your comments there and it does touch on something, you know, as we've done these in different communities, tribal communities, the Mississippi Delta, you know, the needs are so patent and so far-reaching. One of the things for this initiative that we're really interested in and there's just not enough grant money, I mean, in the world to address all these problems. And you know, to the extent that the way forward involves innovations or the safe and sound innovations that are quote unquote commercial in nature working through the member institutions of the Home Loan Banks, expanding the, what can be done beyond just a grant. I mean, obviously, a grant is important but there's just, unfortunately there's just not enough money. I mean, ever anywhere (laughs) at 10, 50% AHP (indistinct), whatever you wanna say, there's still gotta be enough. It's better but it's not enough. I'll stop talking and let Rian, you wanna jump in?

Rian Hargrave: Yeah, I'd like to emphasize what David was saying about the need for innovation in this current time, in this current era especially, I mean, across the country. You know, when we look at the devastation of redlining and as one of my panelists pointed out, you know, you can see it looking out the window, is that there is time, it's time now. And the point of this panel obviously is to focus on how we can get more dollars and capital to Black developers and to Black homeowners. And I think one thing that the FHLB is doing that is working is financing the CDFIs here. So, a lot of times, for us developers, the CDFI is the only place, us CDFIs the only place you can go to really get an affordable interest rate to make your project work. So, for one, it would be continued, you know, pouring money into, to our local community institutions. But I think the pilot programs, a lot of our local institutions are starting these programs where if you're a minority of color, you get totally separate terms than anyone else would and not just a minority developer, but you have to be also an emerging developer. It's not like you can be, you know, 20 years in getting some of these terms. But I've had a few conversations where our local CDFI is looking to do a pilot program where they provide acquisition, construction, acquisition, pre-development, and construction loans. And then they also provide 95% of the equity that's required to do these loans. And then the payouts are structured, you know, accordingly. But I think it's time that we start thinking about funding developers and not thinking of this 70, 30, you know, 20, 30% that has historically been the norm. It's time to do something different if we want different results and if we want to level the playing field that Black people have been just left out of real estate on all sides of real estate, whether it's appraising home ownership development. I think realtors are one of the, you know, it took some time for us to get into that field but that's one of the fields where Black people are able to thrive, but we still need more done. And the, I think it's important for the FHLB to sort of take on, you know, pilot programs of funding developers with different terms than they would normally or historically.

Chris Bosland: Thanks, and Glenn, I'm going to get you in here. We're running up towards the break. No, no, but please, we're going to have one other question after that so you might as well, yeah (laughs), go ahead.

Glenn Wilson: No problem. Well, I'll try to keep this as quick as possible then. When you were talking about economic development earlier, Reverend Cortes, I just wanted to add to that point. Yeah, Federal Home Loan Bank does have a program they copy. I'm not gonna say copy but they looked at Pittsburgh and we created Elevate Program, which gives, you know, businesses like a 25, I think it was up to $25,000 to help support economic development. Other side of that, what I wanted to talk about is not, availability and innovation is how do we use the available cash and liquidity that the banks have, right, to the advantage of developers, right? In these communities and their member institutions but also making sure that they're getting some type of rate of return, right? And when I say rate of return, it's not trying to legislate interest but however you gotta still build and make sure that things in capital is available. So, like one, you know, idea of like, is there a way that Federal Home Loan Bank's liquidity could be used to provide low interest loans to developers? How would that show up on their balance sheets, right? That would be very difficult for a Federal Home Loan Bank to how they're gonna show a loan if they're doing direct loans to a developer. But I'll say this right now, if the Federal Home Loan Bank could give our development organization a 2% or a 3% construction loan where it was just a flat rate and it wasn't variable and didn't change in this market, we could keep building affordable housing. Also, on the other aspect of that, if they were able to provide permanent sup, I mean permanent loan debt, right? If they're able to provide federal permanent debt on these particular deals at 3% or 4% and are able to bring these interest rates down or buy 'em down, you know, from either through their member institutions to ensure that affordable housing can keep being built, then we can build it at, like Reverend Cortes was talking about, you can build it for the 30 and the 60%. You don't have to just go 80 up to 120% AMI then that means housing can be built for all levels and then you can regulate that if you're gonna use these particular loan funds, that it has to be for the benefit of people at either 80% or 60% AMI and below, right? And a portion of it has to go to my developers of color. I mean, so there's ways to get very innovative on that. Yeah, thank you.

Rev Luis Cortés: There's, the banks have a community development fund, all of us do.

Glenn Wilson: Right.

Rev Luis Cortés: It's mandated. The problem is that the money is at cost to the member bank.

Glenn Wilson: Mhm.

Rev Luis Cortés: And then the member bank adds to its profit.

Glenn Wilson: Mhm.

Rev Luis Cortés: But if that could be tooled with in such a way that maybe the bank, the Federal Home Loan Bank itself doesn't put any cost to it?

Glenn Wilson: Mhm.

Rev Luis Cortés: and there's a cap to what the member can add to it.

Glenn Wilson: Mhm.

Rev Luis Cortés: The other part of that is then the member usually takes on some of the risk and that gets us right back to where we started from.

Unknown Speaker: Right?

Glenn Wilson: Mhm.

Rev Luis Cortés: But I think there's a product that could be tooled with that would make what you're saying possible.

Glenn Wilson: Mhm.

Chris Bosland: What's preventing that?

Rev Luis Cortés: The member bank and the fact that at the end, it's gonna cost the same because the member bank's gonna add its cost of funds plus its profit to the Federal Home Loan Bank's cost of funds. So, in the end, it's gonna be eight, seven and a half, 8% money and they're gonna hold us to the same collateral that they would hold any project of this sort. The member bank will hold us to the same collateral. So, you, we have to have a conversation about what's the collateral.

Glenn Wilson: Yeah.

Rev Luis Cortés: And what's the funding rate.

Glenn Wilson: (indistinct). - But. Oh, sorry.

Rev Luis Cortés: We get our money from the desk at such a low price that if there was a way to move that money from the desk to a minority or a nonprofit developer.

Glenn Wilson: Mhm.

Rev Luis Cortés: There, that would spur thousands of, could spur thousands of units for affordable housing.

LaRhonda Ealey: We are approaching our break with Glenn; you do have one more comment so I wanna let you wrap up and I'm really looking forward to coming back because I do wanna get back on this innovation piece and hashing out ideas of what can be done to support these minority developers because this is important also in enhancing the multi-family landscape as well as the home ownership.

Glenn Wilson: Yeah, no, I was just gonna add back when he said a couple things that could be done when he mentioned, you know, the money being able to get used and getting put out actually into the market and the cost of capital is I think that gets down to a regulation, regulator perspective as well, is because if you have that liquidity sitting there, is what does the regulator wanna see, right? And then if you have that there and then you have the reserves, right? And then you have your reserve sitting there, is the reserve, is that gonna be able to be used against, you know, offset and then you don't have to use it as the cost of capital, so you know, what's going to be used? I think that's where it gets down to is the collateral, can reserves be used or can another bank come in? Or does this have to be done through a secondary market of some nature? So, I think there's multiple different options, it's like you're saying, if that's something that can be done, if a tool can be created to keep that cost of capital for construction lending and for permanent debt through the Federal Home Loan Banks, I mean, that would, I mean, if you did that through all the Federal Home Loan Banks, that would create a lot of available. And then the last piece I would also say for innovation is the scoring discrepancies across the markets. Right now, you have a lot of word developers, if they apply in a different market for a different project that's out of district, they'll lose points or don't get additional points. So, I know all banks don't like that but the Federal Home Loan Bank, we do not, Indianapolis does not have it where you're prohibited from applying for out of district project. But if you apply to other banks or if we're applying to other banks, we're, you know, we're gonna come in at disadvantage because we're gonna not get those additional points for being an in-district project. So, if something like that can be lifted, that also allows developers to have access, you know, to all the pots of funds in the different areas in different districts. Thank you.

LaRhonda Ealey: All right, thank you. Oh, this is a good opportunity for a break. It is 2:19 so we'll round it up to 2:20 and ask that you all be back at 2:40.

LaRhonda Ealey: Welcome back. I'm ready to get right back into it. As we are getting ready or as we've actually already transitioned into the future role of the Federal Home Loan Banks, I do wanna take a moment just to ask you, hoping to get some of your perspective on how the local financial institutions are serving the AAPI community. Is there more they could be doing? I'm sure the answer is yes but can you expound on that some more, some?

Hope Atuel: Sure. I think just on the label, Asian American and now it's Native Hawaiian and Pacific Islander, right? That alone is problematic because we're being put in a bucket that the assumption is that all of us are the same and it's not. Just within the Asian American label, there are 52 ethnicities. And so, dealing with the subgroups of the Asian American and Native Hawaiian community is fairly important. Just having a footprint of many banks in the state of Hawaii is important, right? You take a look at large lending institutions and you go to Hawaii and there's not a whole lot, they're mostly very region specific. So, I think just expanding the footprint of larger institutions from just the mainland to Hawaii and the Pacific Islands, I think would be very helpful in accessing credit. The other item that I want wanted to also bring up is just education about down payment. There is this misperception, particularly in the Asian American community, that we have to have 20% down payment to purchase a home. And you don't have to. There are many loans and products out there that you could start at 3%. So, right, just engaging the community and having that education, I think is fairly important. And then going back to the accessibility of those materials and information in language is also something that is equally important in educating the community. Just servicing the loan too and the possibility of servicing the loan in language, right? We are marketed in language but when it comes to servicing the loan, there's very, very little in language support. And that's why, you know, going back to what the FHFA and the enterprises did a couple of years ago when Covid hit and made those forbearance options accessible to our community is something that we would like to further see expanded.

LaRhonda Ealey: Thank you. Jason, same question.

Jason Riveiro: I know we've hit on innovation. I think that this might not be very innovative, but I think that when one views the system as a whole, I think there's a miss, there's a perception that, oh, well, you know, these banks are operating under maybe the same strategy or maybe, you know, even the same knowledge and programs that are out there and they're not, right? And so, I don't know how much best practices are being shared or coordinated, you know, from a macro level but I imagine that there's plenty of room, not just from these strategies, but even from a business standpoint that they're so very needed, right? Because everything that we're discussing here can be very complicated. And I think that one of the things that we've seen in this industry that I try to also differentiate is that there's a difference between our DE&I efforts and then also our responsibilities to the community. Because one thing is DE&I efforts that are being done to internally kind of shape the mindset and the understanding of your employees within the system, but also what is the impact into the community. And that requires a different lens as well and an understanding and knowledge how to serve those consumers. And so, we cannot expect for the DE&I initiative to also be responsible for correcting the issues in the marketplace as well, right? And so, a lot of burden is placed on those individuals, oh, you're the DE&I person so fix everything that's out there when you're talking about such a large percentage of our community and country. So that within itself requires expertise and you can't just check the box in this. So, I would say the consolidated effort, better knowledge sharing of these things, it needs to be brought up more often, needs to be done more. And you can, I think you can make a big difference by that way. If, you know, if everyone's going about it their own way, we're not gonna make an impact. Like you said, dollars are limited, the impact is limited. So, we have to be very laser focused. And I think some of the, those that are in the system are not adept or not ready to handle those challenges.

LaRhonda Ealey: Wow, Jason. Your response is so incredible because I feel like you're reading my mind.

Jason Riveiro: Okay (laughs).

LaRhonda Ealey: Because my next question that I wanted to post to the group actually enters the space that you've just introduced us to. So, as we're talking about innovation and pilot programs, and as this roundtable is specific to communities of color and the disparities that exist in housing and home ownership amongst communities of color, are the banks well positioned to develop, create, develop, and implement pilot programs given their current diversity?

Or are the banks diverse enough to do this, right? Do they have the proper, is it representative enough to develop or to come up with these innovative programs to meet the needs of the populations that we are talking about? I know, David, you mentioned the DNI initiatives, Reverend Cortes, you as well. Are the bank's internal DI, is that enough? Or what could they be doing more to ensure that the innovations in the pilot programs are targeting and addressing the issues that communities of color face when it comes to housing and home ownership? And so, oh yes. A lot of cars turned around so I wanna hear from as many as everybody. So, we'll start with David.

David Dworkin: Sure. So, this is a great question and I certainly have dealt with this in the context of my time at NHC. Five years ago, we had a board that did not look like America at all. And we had a staff that did not look like America. And our board chair at the time and myself really made a commitment that we were going to recruit people of color to add to our board and to our and meet to our staff to have a team that were the best and the brightest available to us, but also brought diverse perspectives. And on our board now, we actually exceed population parody among Blacks and Hispanics and are almost there with AAPI. And I think that it's, and that's an ongoing effort that's important that informs you know, your work and your perspectives, et cetera. But I also think that it's a little naive to think that's going to make the difference. And what I'm much more interested in is where I'm getting my feedback from. Where, who I'm partnering with. And when it comes to the Federal Home Loan Banks, I can't speak to the diversity of their staff and their boards, but I do know that if they're trying to do their own product development, they're gonna fail. And I say that from the perspective of having spent 12 years at Fannie Mae doing product development, and I, every time Fannie Mae tried to do something in a vacuum by itself, it failed. When it was actually finding lenders who came to it and said, this is what we're doing, we need to scale this and then work with them and made that the pilot, it would succeed or fail but we would learn a lot either way. And a lot of them succeeded and eventually they, these products would graduate into just being a part of the underwriting engine. And that's the kind of gold standard, right? Is that it's no longer a pilot, it's just part of the way you do business. And so, I think for the Federal Home Loan Banks, what's gonna be really critical is the, you know, the AHP program is in so successful, it makes very high-quality grants. It's a political, to look at all the people who are, their funding in that program and to look at their members and say, what are you doing that needs to be leveraged, that needs to be scaled, that you can't figure out how to do but we might be able to help. And that is where you really draw, I think the best ideas and I will note that to do that, in addition to having the will at the top at these banks, they also need to have the support and encouragement and flexibility of their regulator. And, you know, we definitely want these banks, the Federal Home Loan Banks, and their member banks to operate on a risk rated return because we don't want them to fail. But within that context, we also want them to reach their mission and to expand the definition of, for instance, liquidity. Liquidity to who and how much of it. And to do that, the regulator really needs to be a part of that.

LaRhonda Ealey: Thank you, Bryan?

Bryan Greene: Yeah, David said a lot of what I would've said. The only thing I'll add is that, you know, I think there's also a great opportunity as the Federal Home Loan Banks innovate to own that intellectual, own and protect that intellectual property. So perhaps, there can be some encouragement in that respect.

Chris Bosland: I'm sorry, you're saying that Home Loan Banks should own the intellectual property or the members who, or their partners.

Bryan Greene: Just, oh, it can be the members and partners as well.

LaRhonda Ealey: Thank you. And I see your card so I just wanna jump to this side of the table. Keep it interesting. So, Hope?

Hope Atuel: Sure. I mean, I think just with the DEI comment that Jason had shared, just because you've got a diversity and equity inclusion officer doesn't mean that you're the expert, right? So just, I wanna say for a lot of the member organizations and the lending and the banks, having cultural competency with the community that you're in, if you have a footprint in that particular community is fairly important, right? Again, I talk about just the subgroups that exist within the Asian American community. They're 52. Just because you've worked with a Chinese client doesn't necessarily mean that you're an expert in working with a Vietnamese American client. Very, very different. So, you know, a lot of the banks, they know kind of like their demographics, whether you are, for example, if you're in Westminster in Orange County, very high Vietnamese American population right there. Just understanding how Vietnamese American works with financial institutions. Are they big, you know, do they, are they consumers of credit cards? How do they operate as far as mortgages, the number of small business owners within that particular demographic and all of that stuff? So just again, having some basic cultural competency within the communities that you are in existence.

LaRhonda Ealey: Thank you, Reverend Cortes.

Rev Luis Cortés: On the issue of pilot programs, I think it would be important for, to bring in minority nonprofits that serve minority communities and minority developers that do have the dialogue with them as to what their experiences are, what our, what are the stumbling blocks? You asked about banks and my response is large banks have teams of people who, for CRA purposes, to which they're really held accountable, can respond to, and do respond with billion-dollar announcements that no one follows up on to know whether they're doing it or not. But that's an FDI, that's a question for another regulator. So, but large banks make these billion-dollar announcements that they're going to do x, y, z. Community banks do not have the capacity to do affordable housing. It's very difficult for them, even with the AHP process. We, when we were at, we tried to get more and more community banks involved. It's very difficult. So, one of the roles that the Federal Home Loan Bank could do if it wasn't taught, could do is to create staff for the banks. Now that would mean that we would get into an FTE and expense conversation, but I really think that's, that is a wise conversation to have because that would make it more feasible and easier to get AHP projects into areas that normally don't get them, right? Cause they all have a bank nearby. But that small community bank, usually this, I'm talking about rural areas, in native areas, they don't have those capacities. So, finding minority developers and minority community nonprofits to work with the Federal Home Loan Bank System or some expense of the Federal Home Loan Bank System for community banks, I think would be a way to get at pilot programs that meet local community needs.

LaRhonda Ealey: Thank you, Rian?

Rian Hargrave: I would add to Reverend Cortes and Hope's comment. I would say here, you know, in Baltimore, we're pretty, the Black community is pretty spoiled because, you know, that's the demographic here. And most of these non-profit or these CDFIs that I mentioned that have approached me about pilot programs, they don't have a DEI team or anything. And I think that that's also a big part of it. It's not just the work, you know, of the DE&I team to level set generations of what has happened. It should be the entire company's focus, ethos and everyone should be on that same playing field and not just delegating it to a specific group. And I think, you know, after George Floyd was murdered, it became popular and trendy that all of these companies made pledges. As you mentioned, we have no idea where that money landed mostly. But I think the fear is DE&I is so trendy right now that what happens when it's no longer popular, you know? What happens when, you know, I don't know, but it's coming, becoming something that we don't want to see as just of the moment. And then all of this was for nothing. And so, I would agree, I think that in the cases of the local banks that don't have the DE&I support, they have not worked in a vacuum, and they have reached out to developers of color, they've reached out to entrepreneurs of color, just involving other stakeholders, residents in these neighborhoods, I think is a way that you can start with these pilot programs to really get feedback from start to finish. But I think it has to go through every life cycle of the housing system. So, inviting the appraisals, the title companies, the realtors, the architects, the contractors, you know, everyone sort of needs to be a part of this conversation.

LaRhonda Ealey: Thank you, Jason?

Jason Riveiro: Well, I mean. There's a lot right in this and I think that there's one takeaway I think that is important knowing that it's overwhelming. I think we already have a lot that we can work with currently with existing home buyer, you know, homeowners and a lot of these properties. So though institutional investors are out there, right, they're a large part but let's face it, majority of second home buyers or investment properties are owned by, you know, individuals, right? And so how do we help our communities understand the value of the equity that they have to build generational wealth, you know, teaching these things that once we get 'em through kind of what we call LMI kind of conversations to more graduated level of things, to where they're investing back into their communities, they know about how they start their businesses, how they, you know, buy their second properties, how they can renovate those properties. That's where I see some really cool changes around the country, right? Where loan officers are having these conversations, realtors are having these conversations is how do we help you build generational wealth, give you the tools that you need to do that. Those are important programs I would say that maybe we haven't discussed yet. But that's one thing that stood out to me.

LaRhonda Ealey: Thank you. And Glenn?

Glenn Wilson: Yeah, I mean, I agree with everyone and what they were saying. I guess the first thing is that this could be just a, you know, the apple that don't fall too far from the tree but out of all the Federal Home Loan Banks when you're talking about pilot programs and what can be used to support it. It's fine already. The banks that are already doing it well, right? So, if there is banks that are already doing programs that are already exist, why are other banks not doing those programs? It, is this something that needs to be regulated to say and you know, that if you're, if Federal Home Loan Bank of Indianapolis and Federal Home Loan Bank of Pittsburgh have an elevate program and it works very successfully and is providing economic development to these particular communities, why wouldn't other banks do the same program, right? Why would they not wanna provide economic development support if those additional things are needed in that community? Or if there is a program where they're offering additional funding support or anything that that particular community, so I say that a scan needs to be done if it hasn't already been done of what are all these different pilot programs that already exist and then reach out to those particular Federal Home

Loan Banks and say, why are you actually not doing these? And is there a reason why? Another aspect when, I appreciated David Dworkin's comments about board diversity. Board diversity is very, very, very important. Because what you'll find is that if your board is not diverse and represent the community, then they really don't know the issues that are in that community, right? And they hear it from people like me, which, and when I say, I'm not saying that the people, but they hear it from AHAC members, right? About what's happening. But AHAC members, we only have a very small voice, right? This is not, when we say something, it happens. This is just a suggestion, right? To the Federal Home Loan Bank boards. So, I think that the AHAC needs to be one, respected enough to make sure that the things that they're saying, that they have a stronger voice at the table. And that comes with, you know, independent director, public interest directors, when those decisions are actually being made that the things that they're suggesting are really being taken for, you know, seriously. Also from a board diversity, and it's more than just color, right? But what I love what Hope just say here a second ago about cultural competency, right? Just because someone puts on a thing that they work in low-income communities. Yeah, I know a lot of developers, and this is not me being difficult with a White developer that lives in New York, but he, you know, or he lives in an affluent, but he can say, hey, you know, I do development in a minority, but I fit the bill of being an independent director or public interest director. And, but if you really go to those communities, they might not really understand because they might not have the cultural competency, right? So, it's when the Federal Home Loan Bank is approving these board descriptions, right? Or these board members, are questions really being asked about cultural competency? Are these people really representative of representing those spaces and public interest and independent director roles? And then also from a member director perspective, I mean, you really watch it. Age is a big issue across the country when it comes to Federal Home Loan Banks. Right now, when you look at the millennial population, they're gonna make up 85% of the workforce by 2025, 2026. However, the average board age is about 65 across the Federal Home Loan Bank system. And the few that I looked at is about 65 years of age. You have to have diversity of age. It has to be of not just color, but it has to be of age. It has to be a diversity of cultural competency. It has to have all these different elements to make sure that when decisions are being made, because those people are gonna ask the questions about why, like when Reverend Cortes was talking about, you know, programs around 30 and 60% AMI, if you're not dealing with those people, if you're not, you know, if you're not working with them each and every day, if you're not on the ground with them, it is very hard to take. If those people are not sitting at the table, then those discussions are not being had. And that's why it's very important to have those particular things. And then also from a, you can even look at it from a political affiliation as well. Should there be diversity when it comes to political affiliations? You know when it comes to diversity. You have some, you know, federal boards that are made up and they have different, you know, political affiliations and it's a mixture of their, I don't know if that's something that need to be looked at but to really truly have diversity, you have to look at all these different aspects to make sure that people are really, truly being represented. Because you'll find out that there is either, you know, strong pushes to one way or strong push to another way and then the people at the bottom is the one that usually gets pushed out. So, I just wanted to make sure I bring up those. And then one statistic. When you talked about sustainability and availability in pilot programs, just to think about this 78% of multi-family housing or affordable housing is lived in by minorities and people of color. Only 2% of it is owned or operated by people of color. So, when you think about that, that's a staggering number to let you know that there's a huge gap and a disparity. So that's on the lending side because who's lending and who has liquidity, who's bank presidents, all this stuff all goes to only 2% owned, only 2% owned by minorities and people of color. So out of, and 78% are lived in by minorities, which is, you know, Latinos, Asians, African Americans. So, I mean when you think about that, that's a staggering number. So, and something like that has to be addressed.

Unknown Speaker: Thank you for that. So, on that note, oh. (Glenn laughing) Yes, Bryan.

Bryan Greene: Thank you. On this note (laughs) this is maybe a slight variation on some of what others have said but you know, in addition to construction loans, there's perhaps the opportunity for Federal Home Loan Banks to support conversion of existing commercial property that's not in use to residential housing opportunity. So, I think that would be an asset that could be liquidated too so that may be something that the Federal Home Loan Banks may be uniquely positioned to do. And then in addition, there could be sort of like a special purpose credit program for either investors who are people of color, like small investors who are people of color, or just generally for mom-and-pop investors in communities as sort of a counterweight to the institutional investors who are coming into different communities. And then finally, I would think that the Federal Home Loan Banks may be able to do something, say, to promote owner occupancy loans that will be for persons who are going to be owner occupants of housing for purchase.

LaRhonda Ealey: Thank you. So, on that note, what would these special credit programs look like? And also, Reverend Cortes, you mentioned incentives. What is it that the banks want?

Rev Luis Cortés: The banks want to make a lot of money and not have any problems. But that was a joke, folks. (Participants and audience laughing) It was, anyway, (laughs) explain that, right? So.

LaRhonda Ealey: Specific incentives.

Rev Luis Cortés: (laughs) The specific incentives, I saw it as, if a community bank has their money and from their perspective, their stock is their money. What do they get when their money's used for affordable housing or anything else, when they're still being judged on CRA externally by a different regulator? There should be a conversation between the FHFA and their regulator about CRA. And that would help the, that would make the community banks more amenable to their money being used by a third party because they see it as a third party being, you know, 10% is the tax, it goes out. But now you're gonna ask for more, you're gonna take more, however that's perceived. It will be perceived as, there they go again, they're using our money to help, but we get nothing for it. And if you perceive it as your money, whether it is or not, we can have the debate about the mission and whose money is it. But if it is perceived as your money and it's being used externally, you have a right to say, what am I getting in return? So, what's an incentive? For the bank, for the, the larger banks don't need it because they have their own CRA teams. But for a community bank who doesn't have staff to be part of AHP, at least can I get some CRA credit, right? So that might be a dialogue between the FHFA and those regulators that do CRA. So that's one piece. Secondly, I'd mentioned it earlier, I never had an incentive in our HR program that wasn't fought for by staff. They tried to meet, if it's an incentive and it's been approved by the regulator, it means it's important. And so, an incentive in AHP for above and beyond the 10% would be an important piece of us moving forward if we're trying to get more than the 10%. So, I would use that.

And then in terms of a pilot program, I mentioned community development lending. And so, the question is how do you make that work? And I would say we can use re the restrictive retained, let me say a statement about restricted retained earnings because I just crossed the line with my former colleagues. Restricted retained earnings were set aside by the team. By the banks with approval of the regulator. That money today is excess. Now, that money does create a larger dividend and I wanna get into the details of that, but it creates a larger dividend. We can leave that money in there to create a larger dividend and in return, we should get something for affordable housing. So, my perspective is the restrictive retained earnings should become a guaranteed fund for the community development lending program which would unleash millions and millions of dollars. Because the reality is that in our country today, the affordable housing need is huge. We cannot get more low-income housing tax credit deals, to which, almost seven, to which we are just a little, we, the Federal Home Loan Bank, let me not say we, I'm not on the board anymore. To which the Federal Home Loan Bank System is just an appendage. And we're basically the profit of that system. Whenever we put money into it, we're usually just the profit, right? All other government sources and private sources make the deal. And when you look at the profit line and you look at our giving, we're usually the profit plus a little edge on it. So, from my perspective, if we could use the restrictive retained earnings, and I know we, the system cannot allow for subsidiaries but there are a lot of bright minds in this country. If they could figure out how to make money from the first 5%, the middle 5% and the last 5% of a mortgage, we should be able to figure out how we can do this for the economically disadvantaged people who need affordable housing. How can we take the restricted return earnings, create a guaranteed fund, keep the safety and soundness issue on the table and get low cost or no cost community development lending money for 30 to 60% AMI in Black and Brown communities? That's my pitch.

LaRhonda Ealey: Thank you, David?

David Dworkin: So, I just wanna follow up on one thing that Reverend Cortes said, which I agree with, even though he kind of boxed it in as a joke which is that banks wanna make a lot of money and have no problems. I wanna make a lot of money and have no problems. I think that every organization wants to make a lot of money and have no problems whether they're for-profit or non-profit. And we have to embrace that reality and help them do well by doing good. And because if we're gonna change the culture of these organizations, we have to recognize that compensation drives culture. And so how are we compensating people? Are we compensating loan officers to make a lot of loans to people of all incomes or are we compensating them to make the biggest loans because how much they bring home to their families is directly linked to that regulatory decision? And for us to say, oh, well, you know, we need to be doing more of this but then we're telling people we're gonna compensate you to do less of this? There's a disconnect.

And I think it's very important that we have an all of government response that really addresses the fact that some regulators are actually regulating against making changes that others might wanna adopt. And so as long as CFPB is saying, well if you, you know, compensate your loan officers to do more lending in these communities or giving them more money to do lower dollar loans because that changes the formula that they've got in their qualified mortgage rule, now you've got, you know, a real problem. And I think it's, I think, I treat that as an unintended consequence of the regulation, but we need to sit down and really work those things out. Because another example is CRA. CRA in the Notice of Proposed Rulemaking puts out the question of should we be looking more broadly at who underserved communities and address race are more specifically. And I think that for us to do that, we're gonna have to really embrace these special purpose credit programs that are created under the Equal Credit Opportunities Act and recognizes that low- and moderate-income census tracks are not a viable and good accurate proxy for race. And they are used as a workaround because we're afraid to say race. And I think we have to stop being afraid to say race. And there is an opportunity to do that in a KOA and that is legal and compliant with the Fair Housing Act. And so, but you know, there are other people who are saying, why are you doing this and why are you helping people? Aren't we supposed to be race blind? And I do think that's an important goal and I absolutely accept that, but I also have to acknowledge that as a White man, I'm operating on a legacy of privilege that I'm grateful for. It's just not everybody I know got that privilege. And so, my father was the first person in his family to be a homeowner. He became a homeowner because he had the GI bill and he got a VA loan and he went to college on a GI loan, you know, program tuition reimbursement. And the wealth that he helped me buy my first home with was derived from that. So already, I've got a running start, you know? And I'm okay being born on second base. I'm just not bragging I hit a double. And so, I think we have to just acknowledge that and let's help people who didn't get those benefits. So not that they get something more than us but that they got what we got because that's not the case right now.

LaRhonda Ealey: Thank you. Glenn, then Bryan, and then Reverend Cortes.

Glenn Wilson: Yeah, I want to add something on to both the Reverend's and David's points about regulations. I definitely wanted to say that sometimes it seems like things are overregulated, right? Everything needs some type of regulation. But you know what always happens is something happened 20 years ago, or a regulation was written and then, you know, it was law to prevent something from happening. But sometimes with regulations are created then end up preventing rather than helping the people that the regulation was meant to help. So, I think that is the case with the Federal Home Loan Bank.

Chris Bosland: Do you have one in mind?

Glenn Wilson: Hmm?

Chris Bosland: Do you have one in mind?

Glenn Wilson: No, no.

Chris Bosland: Okay.

Glenn Wilson: You know what, I do, I just can't remember what it is. However, it, cause it got back to this David's point about making sure that lending and certain things are available to people. But what I can say is, it's talking to the Federal Home Loan Banks, asking them, okay, we want you guys to be creative, what are the things that you're getting from us from a regulator perspective that are preventing you? You see what I'm saying? From being, you know, from moving forward, from being innovative. Because I think what happens is it's on the offense and the defense, right? It's chicken or the egg and you know, you end up being on the other side of, you know, always trying to balance what does the regulator think of this? What does the regulator think of that? Where you're always, you know, afraid of the regulator and what they might, you know, but more or less it's how do you build that bridge with the regulator and the banks to say, this is our goal, this is our collective goal, how do we get there? I think that's one thing. Also, I don't think it's smart for anyone to ask banks to make bad financial decisions. I mean, banks are supposed to be financially, I mean the people that they have on their teams, the actuaries, the analysts, the loan officers, the underwriters, the, all the people that are on their team are there to ensure that the bank is gonna remain financially strong. And so, as we're thinking about enacting anything or making these different regulatory changes or using funds from the bank, it's how do we do it in a way where the bank is still gonna be financially, you know, feasible? Because don't forget why they were created in the great, the Great Depression was because everything else was failing. So, the government poured in all this money, they say if these banks, they're always gonna have the money in liquidity. So, in case something goes bad, we're going to be able to go to the Federal Home Loan Banks, we're gonna still be able to lend money. So that's what they've always been around is being very reserved, very conservative to make sure, now what has happened, they have grown into these very large institutions, you know, that have, you know, gathered lots of, you know, assets and income over a very long period of time. And so, if the relationship of how these banks are going to be looked at moving forward, then I think you have to also look at the regulations to make sure that you provide them the leeway to be innovative and to meet those needs.

LaRhonda Ealey: Thank you.

Bryan Greene: Yeah, I just wanted to say something also about ECOA, the Equal Credit Opportunity Act and the CRA. You know, they're both from the mid-70s.

Participant: [Participant] Mhm.

Bryan Greene: And so, we've had special purpose credit programs authorized since then. Gerald Ford, President Ford said go forth and you can have specific race-based programs and lending space acknowledging the history and the need for them. And so, what we went down the other road, the less precise CRA road. So, I just wanna underscore, we do need to be bold, and we do need to avail ourselves of this tool that's been around now for almost half the life of the Federal Home Loan Banks. And I think we also need to be bold in not just think in geographic terms. Sure, you can design special purpose credit programs that are race-based with respect to the community but also Equal Credit Opportunity Act allows you to create programs for the borrower, for the borrowers who have been excluded historically based on race. So, it’s been around for almost 50 years. We can't avail ourselves of that.

LaRhonda Ealey: Thank you. Reverend Cortes, you're in the que next. May I also ask that you share, expound more about the securitization, recommendation, or suggestion that you have? And Bryan, I know you, I think you mentioned that also in your comments, if you want to add to that, if you will, once Reverend Cortes is finished.

Rev Luis Cortés: So ECOA through DNI regulation could be implemented at the Federal Home Loan Bank System. It's just that simple. It just goes to the DNI FHFA team, and it becomes part of the conversation. So, I think that's an easy one to implement. I also think it's important to state, though probably everybody who's listening on the system knows, we exist because of government. And so, government created us. And government created the Federal Home Loan Bank System. And one of the issues is, I think there needs to be a reminder of that on occasion in the public square because the rhetoric in the public square is that it is private capital that created, that creates and maintains the system. But the fact is that we can go to a window and undersell treasury and once you can do that, you are a very powerful economic engine. And so, because we do that, most of our banks put in

5% of their capital, of their capital stock and borrow a ton of it, right? Which under normal circumstances is called arbitrage. So, one of the real issues for me is how can we arbitrage for the poor because we're arbitraging to create dividends that are high in terms of what the market is doing, right? We're arbitration for the dividend so why can't we arbitrage for affordable housing? And I will incent it because at the end of the day, you're right, David is right. And I mentioned it early on, if you do not incent it, why do it? So, I really believe the system has enough creative minds. Our nation has enough creative minds to begin to address this and not even go near the safety and soundness issue because if it isn't safe and sound, we're not gonna do it. But there is a way to do it when you have money, there's a way to leverage money. And the system through restrictive retrained earnings has money. In addition to the fact that if we can pay 5% dividends, maybe we should pay 4% dividends and use a dividend for the people. I know that doesn't sound great to some of my colleagues and friends, my former colleagues, and friends, but to me I think there are ways to negotiate these pieces as we move forward. And so, guarantee funds actually leverage money and create more money than just taking, for example, the restricted retain earnings at 130 something million. That's great, but when you spread that out, but if you were to leverage it for community from the community development lending desk, how much more would you create? And you still have safety and soundness.

Glenn Wilson: Yep, I definitely agree with all those points. Just to add a little bit on to that, when we were talking, since we're talking about the lending, it also made me think about just like social impact bonds as well. So, from a Federal Home Loan Bank System, you know, maybe social impact bonding might be another way to get, you know what I'm saying, some of the additional funding to be able to use it, that was, you know, we were talking about innovation, future social impact bonds, you know, would allow a little bit more flexibility dealing with it on the bonding perspective maybe. You know, so I mean I think those both can be looked as the lending and the social impact bonds. Then it also gets back to looking at how they can get more creative. But is there a regulation that will prohibit them, right? If they want to do more of a social impact bond where they can get their other member institutions involved, right? Whereas below market capital that's available through a social impact bond in a particular area community or the places that they're investing in. Another innovation or another idea and something I didn't bring up a little bit earlier, but I wanted to just kind of go back just cause I didn't wanna lose track of it but just about the appraisal in the appraisal bias. Well, also about 75 to 85% of all the appraisals are not people of color, right? Especially who owns the appraisal companies. And then the problem that you have with the appraisal companies, and you know, state legislation and a lot of 'em, it takes a very long period of time for a person to become an actual appraiser, right? So, what is happening from a legislation perspective or even from a banking member institution that we can’t find minority owned appraisal companies. So even as this money is going out into the community, you know, are appraisers of color actually being looked at or being hired? Are they being incentivized as Reverend Cortes always talking about if people are not incentivized and they don't do it, right? So how do you incentivize your member institutions that if we're providing that to say, hey, we need more appraisals to be done by people of color. And then if it's not there, are we actually providing the additional support from Federal Home Loan Banks? So, when we're talking about technical assistance, is there, it needs economic development? I mean, that's a whole another industry that could be supported through banks that could support them. I mean, not just in appraisals but also within the title work, right? So, you have title, and you have appraisals, and can money actually be invested there on a grant perspective of getting more people trained and certified and going through to make sure that there are more firms available and making sure they're being hired, and you know, people are being trained for those future opportunities.

LaRhonda Ealey: Thank you. So, I wanna go back to the securitization idea you had.

Rev Luis Cortés: I'm trying to remember exactly how I stated it before. I'm going to need a moment to remember.

Chris Bosland: (indistinct). I think, David, you had mentioned this in your remarks as well, did you have anything to add here while the Reverend thinks?

David Dworkin: Yeah, I think that this is, as Reverend Cortes said, all about leverage. And you know, when we give a dollar to somebody as a grant, it's a dollar. But when we give a dollar to somebody as an investment, it can be $90 or $60. And it's gonna be really important when we look at how we're expanding the Federal Home Loan Bank's mission or their activity or if we're talking about AHP, whatever the approach is. We need to really think about how we leverage that in a way that makes the biggest difference and provides more tools for the people who have developed a track record under their AHP or for their lenders who have programs that need the additional liquidity. And think about that in a 21st century way. If we wanna have a 21st century Federal Home Loan Bank System, we have to give it 21st Century tools. Otherwise, we're just basically saying we're gonna do more the same. And, you know, it's better than nothing. But I wanna be in partnership with the whole spectrum of the Federal Home Loan Banks, their members, and the organizations they work with and other organizations. I think one of the things that we really need to look at is do we expand membership to independent mortgage banks or CDFIs? And if we do, what's the trade off? What are we getting for that? And I wanna know from, you know, if an independent mortgage bank is gonna get to participate in a Federal Home Loan Bank, I wanna know what they're bringing to the table and how they're gonna use that new benefit. And I think that's a conversation worth having.

Chris Bosland: Okay. You should tune in on Thursday. We're having exactly that discussion.

LaRhonda Ealey: Bryan then Glenn, I'm going to ask that you keep your comments as brief as possible as our time is winding up. And I do wanna pivot back to Rian because she submitted something in her comments regarding the challenges that minority developers face. And so, I do want to get some more color on that from you.

Bryan Greene: No, I only will add that I think this opportunity that the Federal Home Loan Banks provide for securitization is particularly important in this higher interest rate environment. And so, with other banks, you know, being, having difficulty managing rate risk, I think it brings to the floor what the Federal Home Loan Banks can do even more so.

LaRhonda Ealey: Glenn?

Glenn Wilson: All right, just a couple quick things. I would say one thing when people are asking about programs that were already created, I think we talked about that a little earlier. But one, like the GI Bill, there was a lot of people that was excluded from that but that provided a lot of additional funding and resources. So even if we took that type of approach, I'm not saying it was perfect but that really provided great loans to a lot of people. So just looking at something that was actually already created, and you know, is there a way to replicate that? Also, the financial literacy is very important, it's incentivizing the banks to do more. And I think this gets back when they were talking about CRA and why some of 'em were doing financial literacy but a heavier investment there. And just the homeowner, I mean education, especially high school, elementary especially investing in that particular area. And then another piece just to make sure that the distribution of cash is being looked at correctly from a community investment perspective but possibly a charter. Charter regulation is looking at charter regulations. Like you have a lot of banks that are chartered in different states, however, the majority of their clientele and they're headquartered in a different city. But they're chartered and you know, they belong to a totally different bank. You know, some banks as well are very, very large, right? So, you don't really get that personal touch. So, it's how do you still, like, one thing that I appreciate about the Federal Home Loan Bank of Indianapolis is, it's small enough and large enough where you have a pretty good relationship with them, you know, what's going on. They have people in there, you know, communities, in the neighborhoods, in the state business development team. So, it's how do we, you know, keep that personal touch, not making big banks too large, you see what I'm saying? But trying to figure out how to keep that personal touch there. So, I'll stop right there cause I'm interested in some of the other stuff,

LaRhonda Ealey: Thank you. Well, Jason turned his card and I'm glad he did because I could tell something was brewing but I didn't wanna put him on the spot. (Participants laughing)

Jason Riveiro: I've learned a lot here during this conversation and I think about some effective kind of localized efforts when we're talking about distribution of capital. And if we figure out what that incentive is right from, for the members to be incentivized to reinvest in these communities, I think that there should be a consideration of also in terms of how you qualify these opportunities based off of the ecosystem that you're also impacting. So, what I mean by that is not just the investment into the community but also the suppliers that you're investing into, the companies that you're helping develop that maybe, you know, traditionally are not involved in it. And I've seen that work very well, right? Where maybe there's a partner that doesn't have maybe a minority owned firm that doesn't have the skills to maybe take on a huge bid, but you, they become, you know, maybe a second or third tier provider of that. So, evaluating the whole project based on those, some of those qualifiers that it's not just investment in a, in, you know, certain zip code but also the impact that you're making throughout that, right? Using the professionals that have, you know, that understand the communities that are working in the communities. All these things I think should be factored into that if they're not already.

LaRhonda Ealey: Thank you. And Rian, in your comments, you made note of some of the challenges that minority developers have as it relates to access to capital and funding. Can you expound on that a little bit and if you have any ways or say products or innovations that the Federal Home Loan Banks can do to address those issues?

Rian Hargrave: Sure. I would say that there are an insurmountable challenges developers face, whether you're a developer of color or not, but from the capital to the execution. But I think one of the pieces that's missing in this whole process is operational capital for developers. And so, you know, for our develop, like in my case, you know, everyone is paid upfront in most cases. You know or your architect is paid, your contractor's paid, you know, your lender gets their fees, your accountant, your lawyer. But when it comes time for the developer to get paid, it's looking at whatever is left and what you can scrounge up at the end of the project after you pay your broker and after you pay your closing fees and your title company. So, and your lender back. So, it's a big challenge because, you know, as David and Reverend Cortes said, you know, all of us have a living that we need to make. And it's, I don't see how it's sustainable to encourage emerging developers to do development without also looking at operational capital for them to not only pay themselves but pay their team members. You know, it's a large group oftentimes that brings these projects together and you know, with the way the interest rates are going, you know, in my case, I've started offering, I have one client where she's going to, the chances are that she's gonna come to the table with like less than, I don't know, $5,000 because I am offering so much seller's assistance because I just need to get this property sold. And part of that, I need to get the property sold is because the terms of my loan state that I can't draw down on one house until I repay and sell the first house. So, it puts you in this desperate position where it's like, I just need to get this sold and you know, you're not even thinking about profit at that point. You're just trying to move on to try to find profit on the next and the next and the next but it's just not sustainable.

LaRhonda Ealey: Glenn?

Glenn Wilson: Yeah, I would like to agree with all those comments as well, Rian. One program that I will say that's out there, and this is not a large enough program, but it is something that's out there that maybe the Federal Home Loan Bank System could consider supporting to help developers like Rian or developers like myself and other ones. But Equitable Path, Equitable Path Forward, that's by Enterprise. They just started it.

Participant: Yeah.

Glenn Wilson: This year. It's not a, I mean I think it can go up to like $3 million providing some operating capital, but however, they only had I think like $30 million for the first cohort, you know and so when you think about 30 million, you only get like 10 developers maybe. You see what I'm saying? So, it's not enough. So, she's absolutely right. There's more that needs to be done. And I think out of the 10 that got selected for the first cohort, they probably had over 200 something applications, you know, for people that needed that capital that it definitely would've been very helpful right now for people to get development projects done, right? Had they had this additional type of capital. - My loan is through the Equitable Path Forward. - Okay. All right, cool, cool. And then also, this is just like a realtor’s thing as well. One thing that I've saw that's a disproportionate as well about, you know, minority multi-family development in different forms but a lot of the brokers that represent most of the owners, you don't meet a lot of minority broker's firms, right? That are putting multi-family listings on the market. And so, you know, we've been in the running for particular things and the literally the only difference has been one person that's Black and another group is White. And we don't get a deal, you know? Particularly and it's not even because we didn't have the same amount of cash or you know, competitive offer. So there definitely needs to be a diversity in the broker world as far as when it comes to realtors as far as when it comes to multi-family commercial lending because that's another aspect is, you know, who controls where the properties are going and, in whose hands, to make sure there's advocacy on both sides. I know we don't have that much time so I'm good.

LaRhonda Ealey: You got one more.

Glenn Wilson: When I talked a little bit earlier just about the financial literacy piece, what I wanted to talk about there is if we don't incentivize the financial literacy in a way that's meaningful, then it won't really address the problem. Like this is something that really has to be heavily invested in because right now, even just from a statistical perspective, I think it's 80% of Americans don't at least have $1,000 saved in an emergency account. So, when you think about that number, 80% of Americans does not have $1,000, it lets us know how big of a problem that is. So, when we're starting to talk about home ownership, we haven't even taught people how to budget and save. And so, I think, you know, we have to deal with both sides of the coin as well of addressing the future. It's, you know, it's focusing on right now but also making sure we don't have these future problems as well.

LaRhonda Ealey: One more question just to make sure that, I want to make sure that we give this topic probably not enough time but some time in this discussion. Reverend Cortes, you also mentioned multi-family and the need for rental housing. Are there, do, are there ideas or products or innovations specific to that need that the Federal Home Loan Banks could implement or develop?

Rev Luis Cortés: The Federal Home Loan Banks can function. This ties back to this, to the conversation a little bit earlier. They can function and they can in fact purchase multi-family blocks of housing directly from developers if we can find a way to deal with the collateral issues, right? And so, from my perspective, I've always thought that the system itself has not been open to what it can do in terms of providing liquidity to nonprofit agencies. I always look at it from the nonprofit agency, that's what we do, and my colleagues do around the country. So, we've never been able to break into the system other than through the one system we have which is the affordable housing 10%. I really think that the system as we move into its 100th year, should look at how it can securitize mortgages, how it can develop the funding sources that it can guarantee because it is an agency that has the capacity to do it. It is one of only three GSEs that have the capacity to move in that direction. So, it's my hope that it will do that. We are speaking with another GSE about the, about its capacity to do multi-family single site housing and to do it in a multi-family way for funding. And it's my thought that the Federal Home Loan Bank System can do some of that, though it is limited structurally from doing it as much as the other GSEs are.

Chris Bosland: Before we sort of reach the end of this, I just wanted to revisit something that occurred to me in the discussion about leveraging and obviously there's many things that can be leveraged and you know, when you've been around long enough, you fight the old battle necessarily sometimes and despite your best efforts. But when you were speaking, I couldn't help thinking about and it ties into the restricted retained earnings, the investment authorities for the Home Loan Banks and the investment portfolios. And you know, on one hand, if a little leverage is good, (laughs) safety and soundness is aside, why not borrow cheap and invest in all kinds of stuff and get bigger and bigger and that kind of gets away potentially from mission. But I guess you're all welcome to weigh in. I suspect it'll probably be a little bit more focused on those who do with great familiarity with the banks. I mean, how important are the investment portfolios to continuing this work? And I'll let Glenn go first.

Glenn Wilson: No, I would say the investment portfolios are very, very important. But I'm going to give you another statistic about the when you wanna talk about safe and soundness. When you talk about the LiTech industry, just multi-family in general, as far as when it comes to an investment perspective, you will find that deals that have LiTech associated, especially new construction projects that are being built are some of the safest and some of the (indistinct), the safest and most secure investments that banks make across the country. So as far as safe and soundness, the likelihood of a LiTech project going into foreclosure is very limited (laughs) because of the security of the LiTech credits and those have to be available through the 15-year period. So, when you're talking about safe and soundness, if more funds was available as we were talking about earlier, to be put in two multi-family as far as from an investment portfolio, I'm pretty sure it won't be a very unsafe bet. Like, it's like you're invested in something that's just like totally not heard of. This is something that, you know, people provide 30, 40, 50-year loans and you do not see a lot of foreclosure in these particular loan markets. So, I just wanted to add that aspect of it as far as the how safe it is as far as an investment on the multi-family side. I'll let Reverend Cortes add to that.

Rev Luis Cortés: If Blackstone is buying up affordable housing around this country and is making money at it, it should be of reasonable to say that nonprofit and local community agencies should be able to purchase that same housing and keep it in affordable housing hands as opposed to the modus operandi of a lot of the buyers which is purchase it, bump up its rent, the rental fees, those who can't afford to have to leave and bump up the rental fee for a period of time until the neighborhood, until you can help change the neighborhood. And then they go all together. And they condo, they make condos out of it. And so, I think we can save a lot of affordable housing stock if the real estate investment were there. We have people at this desk who've lost units over, I think it's a few million dollars, so.

Chris Bosland: Yeah, and just a quick follow up, I'll get you in a second, Jason. Are you, advocating the Home Loan Banks holding investments in these projects?

Rev Luis Cortés: There's no reason why the Federal Home Loan Bank cannot be an investor in projects that it cannot buy projects, that it cannot securitize them in the secondary market. All of these things are feasible because of their capacity to go to the window and to create safety and soundness for all of them. The mission of the Federal Home Loan Bank System is twofold. Create liquidity and create affordable housing. On the affordable housing side, it has constrained itself and has been constrained by an understanding of regulatory, of the regulation that it is 10% of the profit to the point that some other banks prefer to have less profit and give lower cost products to their members. Right? Which means even less affordable housing money because they basically gave the profit in terms of pricing.

Chris Bosland: Mhm.

Jason Riveiro: And so, to do more for affordable housing by the Federal Home Loan Bank System would only enhance the Federal Home Loan Banks.

Chris Bosland: So, in our regulatory terms, it would be core mission assets, if you will, as opposed to, so Jason, go ahead.

Jason Riveiro: So not necessarily in line with the multi-family but just in the line of thinking that we've been having in terms of the investment and maybe the risk that's involved. David brought this up a little bit and I think it's notable to continue to explore this because when you talk about it, the independent mortgage bankers that are out there, they are actually the ones doing the most work in the communities that we serve, right? And so, and you're looking at, I'm not saying, you know, similar credit files, what, you know, same, you know, even on the conventional side, I think. So those things are very important. They're doing something, again, they're saying there's an opportunity here, they're going out there, they should have an opportunity to, you know, have some other, some access as some of the bigger banks as well, I think.

Chris Bosland: Okay. Just, we're just about out of time, but I will, we'll wrap up with making sure we're walking away with the right things. I've heard a lot of great ideas around the table so thank you all. You know, roles for the Home Loan Bank System potentially as a, as Hope's no longer here, but you know, convener and community competency sharing. There was, we talked a little bit about capacity building. Reverend Cortes talked about capacity building for community banks and the affordable housing space and how to leverage those assets. We talked a little bit about potentially a securitization for either small balance or other things. So, these are all very interesting ideas. Just wanted, before we go, let's make sure we'll go around the table. You know, sometimes you get too many ideas. It's hard to focus. If there were two things, you know, give us your top two things that you'd like us to take away from as the most important things you'd recommend to best fulfill, you know, the vision of the Home Loan Banks going forward. So, I dunno if anybody wants to volunteer or I can, I'll give, all right, we'll start down that end.

Bryan Greene: Sure. Thank you. I definitely think there needs to be some quantitative measure for the percentage of investment in affordable housing programs, like 10% or something. So that there's.

Chris Bosland: You mean for the members. Or?

Bryan Greene: Yes. Yeah, so there needs to be some benchmark along those lines. And then in terms of eligibility, I mean David mentioned, you know, the prospect of others entering into the system. I definitely think there should be some kind of standard or test for who gets to be a Federal Home Loan Bank.

Chris Bosland: And not to put words in your mouth but since we are discussing this on Thursday but in your written comments, you talked about the nature of that test being, in your view, you would recommend it being an ongoing test.

Bryan Greene: Is it? Yes.

Chris Bosland: That's an issue

Bryan Greene: That's right.

Chris Bosland: There's a long history in the.

Bryan Greene: That's in my opinion.

Chris Bosland: The system but I just wanna make sure you get that (indistinct).

Bryan Greene: Yes, thank you.

Chris Bosland: David?

David Dworkin: I would say the two things are most important to me are addressing supply. Affordable housing supply is critical, and shelter is a major driver of inflation. And so, when the Fed raises interest rates, they depress demand for single family housing. But all they're doing in multi-family is depressing supply production because higher interest rates have nothing to do with whether or not people rent and where they rent. So, I think that in the supply space, doing something creative and responsible in AD&C is gonna be critical. And then the other thing I think is that really working with their members on special purpose credit programs that push the envelope and that are structured as to be pilots that can grow so we can really learn. This is new, there's clearly gonna be some risk, we're gonna make some mistakes. Regulators have to embrace that and play a role in allowing for a degree of that to occur and encouraging the successes that result from the broader program.

Rev Luis Cortés: So, I would say since Rev, I'm a Rev, Amen to the two statements before me. And I would say I'd add my two which is find a way to do community development lending at no cost to the neighborhoods and to the minority groups. Creative use of not of core mission assets. Thank you for reminding me cause I kept trying to name 'em all as opposed to using the terminology correct. Terminology and to remember it has to be incented for both members and management.

Chris Bosland: Technically that's four but I guess (Rev laughing) (participants laughing) that's what you just did there. Rian, go ahead.

Rian Hargrave: I would say my last thoughts would be that we all know that diverse communities are essential. But we achieve that by having diverse income and not overvaluing the 30, 60 or overvaluing the 80 to 100. And also, not overvaluing home ownership because it's not everyone's goal and that's okay. And achieving these diverse communities is also by having diverse developers, diverse, you know, it's proven that diverse developers hire diverse contractors and diverse team members throughout the development process. And to, as Glenn mentioned, it would be to find programs that are working and then build off of that. You know, we mentioned the Equitable Path Forward with Enterprise. That is a program that's working, and I think it should be examined and built off of.

Chris Bosland: Great, Glenn, I know you've got a long list

Glenn Wilson: No, I'm (indistinct).

Chris Bosland: You know, again, I encourage you all to submit it in the commentary (Glenn laughing) and keep that list but let's just.

Glenn Wilson: Yeah, so I would say ESG, I would say that's one thing that really needs to be looked at from a corporate governance, you know, environmental, social and governance. I think that covers some of the aspects that I was talking about as far as board diversity, you know, socially cultural competency, environmental aspects of how the banks should be looked at in their member institutions. And then also it's, I would love for the Federal Home Loan Banks and the FHFA to build a bridge rather than trying to build walls. And what I mean by that for each other is really opening up a bridge of opportunity of sitting down, finding out what those regulations are, what the true needs are and really hashing out because you guys have some of the smartest, most intelligent people on both of your teams. I mean, I meet some of the smartest people that work for the Federal Home Loan Banks and works for the FHFA. And I really would love to see it where instead of it being a battle, to truly sit in the room and say, where are the regulation problems? Where are the hangups? How can we get to this? How can we get to this point of providing the additional services that we need without making your bank make bad financial decisions? And if it is gonna be a bad financial decision, how do we support to make sure there's something there that can support you to make sure that you remain financially strong. So, I guess I'll leave that there. All right.

Chris Bosland: Great, thanks. And Jason, bring us home.

Jason Riveiro: Yeah, so from my end, I think as the regulator, I think we need to provide some clear direction, you know, what is not measured is not going to be managed, right? And so, I think the members of the bank, they need to understand what those expectations are. You know, these initiatives require c-suite level strategic implementation, not one individual's sole job of fixing affordable housing. You know, the DNI person as kind of to our conversation before. And then, you know, they'll give the example again and I'll hit it again, which is the board representation. Those I think is very important. You know, NASDAQ is just start, you know, as you've seen, has started to require that from their members. You know, as a part of that, there's no reason we shouldn't be doing the same and their (indistinct), we're talking qualified individuals that are out there in this space in the housing space. So, it's not a lack of talent, it's just, you know, lack of effort.

Chris Bosland: Great. Well thank you all. And before I turn it to LaRhonda, let me just say thanks again. You know, I've learned a lot. This has been a great panel. I appreciate all your contributions.

LaRhonda Ealey: So, in closing, we would like to express sincere gratitude and appreciation for taking the time out to answer the questions that we presented ahead of time to think about them and to bring forth your amazing and innovative ideas. As an African American woman from Mississippi, the granddaughter of a sharecropper who was also a World War II veteran who was denied various veteran's benefits as well as farm aid but still managed to make a way for his family to succeed, this topic is very near and dear to my heart and also as a housing research economist.

So again, thank you. We've heard a lot of great things and even some great quotes that I won't steal. I'll give you credit. Reverend Cortes for the arbitrage for the poor programs or innovations that the banks can do, social impact bonds. We also heard from you all that the regulators have got to acknowledge and try to work with regulatory barriers that may be preventing those innovations. It's important to include the appraisal and title companies into these conversations. And when it comes to addressing these racial gaps, it's important that as the banks are, as we are asking the banks or what whatever the banks will be doing, right? That they make sure they bring in, bring the community into the conversations to develop the programs, to implement the innovative and the pilot programs. There's a need for operational capital, also financial literacy, and financial literacy beyond the basics but financial literacy to create wealth building. So those are just the few of the many ideas. And of course, I won't forget the need for the, you've iterated a need for the bank's investment in multi-family housing cause that's important as well. So again, thank you all so much for being here. We have to give a shout out to our FHFA team even though you see Chris and I in front of the lights and cameras, this was, or this is a collaborative effort across many divisions in our agency.

So, we thank them for their hard work and diligence in making sure that we are prepared to have the conversation and to facilitate the conversation goes smoothly. I've expressed how much I care about this topic. Trust me and believe our Director cares about this topic. Our Deputy Director of DBR cares about this topic as well as all of the staff who at FHFA who are working on this project. For those of you who are watching the livestream and those of you who have joined us in the audience today, thank you so much for your time and attention. We have a small table because you know, there's only so much you could talk about in three hours and that three hours did go by really fast even though it probably seemed like a long time when you first signed on. But thank you all for being here and demonstrating your commitment to these issues.

And last but not least, we are headed to Philadelphia next where we will be discussing Federal Home Loan Bank membership eligibility requirements, collateral safety, and soundness which these topics were touched a little bit today. That roundtable will be on Thursday. We will be taking a break over the holidays, but we will have more roundtables to announce in the future. So please stay tuned and check our website regularly. And I just wanted to end with this. When I asked what is it that the banks wanted in terms of incentives, someone remarked that it was more money and no problems. Well, I would be remise if I did not quote the great orator, who said more money, more problems. (Participants laughing) But nonetheless, thank you all again so much for coming. Please be safe traveling home.