FHLBank System at 100: FHFA Listening Session Day Three 03-24-23

Please note that this transcript reflects corrections to some inaccuracies in the real time closed captioning in the Listening Sessions video

Karen Burk: Good afternoon and welcome to the third and final day of the FHFA wrap up public listening session on Federal Home Loan Bank System at 100. Focusing on the Future. My name is Karen Burke. I'm associate director of Examinations in a division of bank regulation. Thank you all for being here with us today and taking part of this listening session. Before we move forward with our agenda, I have a few important housekeeping items. We have organized this listening session to obtain input on issues relating to the federal Home Loan banks. During today's session, FHP will not discuss the status or timing of any potential rulemaking. If FHP does decide to engage in a rulemaking on any matters discussed today, this listening session would not take 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 f HFA may summarize the feedback gathered at today's session in a future rulemaking document. If we determined that a summary would be useful to explain the basis of a rulemaking, anything said in this session, and that also includes reactions. Nodding by ruling should not be construed as binding on or a final decision by the director of FHA or FHA FE staff. Today's session will be live streamed on FHA FES 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 recording and any transcripts prepared will be posted on FH Space website and YouTube channel along with any materials being presented today or otherwise submitted in conjunction with the listening session.

Each speaker today will have 8 minutes to speak. We will ask that you turn on your video when it's time to deliver your remarks. I will remind you at the seven-minute mark that you have one minute remaining. If you go over, I will unfortunately have to interrupt you. I hope I do not have to do that. But I want to be mindful of everybody's time this afternoon.

Our first speaker is Clifford Rossi from the University of Maryland. He'll be followed by Lesley Gooch of the manufactured Housing industry.

Clifford Rossi: All right. So, we have a slide with Kensington. All right, thanks. So, for 90 years, federal home loan banks have served the nation's finance system by providing liquidity to mortgage markets. Over that time, that mission is vital for the composition of market participants of change. And that mission is straight on the score on the housing finance system. And it's, in fact, vastly different from today. However, the job of reimagining the housing finance system of the 21st century remains unfinished in its current state. In the US, housing finance system is dominated by fear of government sponsored enterprises. Despite both entities remaining in conservatorship since 2008 pose a systemic risk over the long run, the problem in insurance is simply no competition for Freddie Mac and Fannie.

They know exactly who can serve as mortgage, credit guarantor, and securitize. But is there a solution to this? I actually believe governments, if the federal Home Loan Bank system is reinvented, if the Federal Home Loan banks are granted the power to act again or even securitize systemic risk within the nation would embrace the housing centric empowering systems market would become more stable. The campaign has the ability and the authority to not just reimagine the federal home loan banking system, but to reshape the conventional second mortgage market. That's likely right at the pump. We've seen this business model over the long term. The goal would be to consolidate transition federal home loan banks to guarantor and securitization form of operation. Doing so would reorient and reinvigorate the Global Home Loan Bank mission that it's great women's focus. It would also amplify the impact of home loan banks would have on housing, finance, and community lending, moving them from a minor to play a more prominent role, but also have ancillary benefits on reducing systemic risk in the housing finance system by increasing competition in the secondary market and diversifying credit risk. In the intermediate term, the path to attaining that objective would follow what I referred to as the three R's first instruction that is focus on target and consolidate the Federal Home Loan banks and allow for GSE as a path to exit conservative recapitalize that is focused on financing and capital plans and finally revitalize focus on operations and systems with management and control instruction.

Finally, in the short term, we need to ensure better home loan vaccinations is not spreading further by prohibiting non-bank financial institutions from becoming members out of their own home loan bonds and restricting advances to direct mortgage lending with an emphasis on affordable housing. Next slide, please. Why reform? Over time, the small community based, and affordable housing focused on banks have morphed into something else. The direct allocation of advances in support mortgage lending has shrunk, thanks in part to a disproportionate share of federal home loan bank advances. Now granted a lot of deposit. Moreover, Federal Home Loan Bank advances have been needed to shore up liquidity for troubled or not mortgage centric banks. For example, Silicon Valley banks, signature bank and Silver gate received sizable federal home loan advances using advances in technology for non-mortgage related activities, with not to mention home loan them.

Further, the direct role of the Federal Home Loan Bank in supporting housing programs that were founded by Fannie Mae and Freddie Mac, exacerbated in part by the dominance of non-bank financial institutions in May, reigniting concerns that since 2008 to increase their market presence over the years, the Bank Federal Home Loan Debt Repayment plan or membership in an expansion of members to include non-banks would seem like a lot of the federal Home Loan banks. However, that would have needed a significant rinse and run like traditional banks, non-bank, more vulnerable, not regulated at the federal level. Present in Zambia, where home loan banks also tend to boost their market relevance For the 1994 rollout of the mortgage Partnership Finance Program. Or we are ramping up and Native family home loan banks and sharing arrangements. One is grappling and the hope was that this would aid and then backwards to compete against Fannie and Freddie at Bretton Woods.

However, given the continuing dominance by both sides, it's clear that the reactors never realized the potential. So what would Gensler of the US finance system look like with the battle home loan banks and the FHA now in serving the long term viable mission for development? Next slide, please. So GSE reform has been around for years. Partners that pragmatically would be required to achieve a comprehensive restructuring and post conservatorship outcome. As a result, the was the economically inefficient model for the mortgage secondary market continues today. Moreover, the issue with systemic risk in US taxpayer funds and to exceptionally large put it down or has not been addressed. Various proposals for more competitive, more secondary markets several years ago, including one from the NBA Mortgage Bankers Association, recommended a multiple down two approaches.

While the NBA did not directly specify what firms would be good candidates if more require guarantors competing with Fannie Freddie but a with banks would be well positioned with some restructuring is likely role. And this isn't as farfetched tonight in the sound of first glance and some might recall, the FHA in 2008 was actually directed by Congress to consider the possibility of allowing federal loan banks and securitized mortgage loans. Having four or five guarantors in the mix would reduce systemic risk to the housing finance system by diversifying across more than boards and enhancing competition. It would, moreover, amplify the ability of banks to promote community-oriented mortgage lending and affordable housing opportunities, better run-on banks and mortgage specialists with deep experience managing these risks in all types of markets. Their ability to proliferate and MBA program underscores their expertise and pricing structure and viable, credible sharing arrangement. What's more, thanks to the implementation of the Promise plan, along with any ready level home loan, banks now have a clear path to enter into direct securitization of your operation. Further. The next slide, please. Roadmap for transition for banks to achieve the end for securitized role would meet and take on a three-pronged approach. As I said earlier, a structure that wanted to be viable restructuring would entail consolidating the loan from the home of banks and the two or three larger entities which in its name provide a path of Freddie and Fannie to exit. Conservatorship challenges, of course, would include addressing the charter issues and statements in reports listing guarantees for both and Freddie. And then again for recapitalizing the Federal Home Loan Bank would be a component of the process, along with issues relating to the liability, debt, instruments, and activities. Finally, revitalization would include upgrading operational and certain capabilities and improving risk management processes and control. That final step is actually a very important fact of transition. The next slide. So, in summary, home banks is providing liquidity to the US mortgage market for roughly 90 years, but their mission is waxed and waned over time. And we're now at a point.

Karen Burk: One minute remaining.

Clifford Rossi: And community-based lending has diminished. The current fragmented US housing finance system would never have been designed as it stands for that long term restructuring of the federal home Loan banking system. While certainly not an easy path forward, provides the best solution that we have for reducing systemic risk and promoting a more competitive environment. Noted Secondary market. Thanks.

Karen Burk: Thank you. Our next speaker is Leslie Gooch from the manufactured housing industry. He will be followed by Cornelius Hurley from Boston University.

Lesli Gooch: Thank you very much. My name is Lesli Gooch. I am the CEO of the Manufactured Housing Institute, whose members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators and others who serve the industry. We also have 48 affiliated state organizations in 2022. The manufactured housing industry produced almost 113,000 homes, and this accounted for approximately 11% of new single family home starts. MH II as members are responsible for close to 85% of all of the manufactured homes that are produced every year. Manufactured housing offers value to consumers because of the technological advancements and cost savings that are associated with the factory-built process. And because of the efficiencies that come with our federal building code, which is known as the HUD code. So as a part of the discussion today, what we'd like to emphasize is that we believe that the U.S. housing finance system must do more to support homeownership through manufactured housing. So, what does that look like for the Federal Home Loan Bank system? MHI have some suggestions in this regard. The greatest liquidity need that we have is with respect to personal property manufacture here at home loans. Currently, Fannie Mae and Freddie Mac have not purchased personal property loans and they haven't done that in over 15 years. Last year, FHA insured only a couple of personal property loans under their Title one program for years and years under duty to serve.

Fannie Mae and Freddie Mac have looked at resuming the purchase of personal property loans, but so far, they have not done so. So, the federal Home Loan banks should be taking a serious look at what role they can have used the traditional model that it uses to make advances to banks secured by collateral. In this case, personal property loans. Obviously, standards would be needed regarding the solvency, lender's solvency, appropriate collateral levels and such. But we just think it's very, very important to support homeownership through manufactured housing. And we think that there's a role that the federal Home Loan banks should have here when it comes to real property loans. We also believe that there is a need for the federal Home Loan bank system to be more supportive. Right now, Fannie and Freddie do have support for real property, manufactured home loans, but it's not at the volume that we think that it should be. And what is really needed is a liquidity facility for lenders that retain the servicing along with advance responsibilities that go along with that. The purpose of a servicing liquidity facility would be to create more confidence and liquidity in our sector. Advances could be structured in a safe and sound manner, working in conjunction with warehouse lenders with adequate collateral related to the underlying mortgage servicing rights or MSRs. We would also suggest that federal home loan big profits should be allocated to affordable housing, that more should be allocated to affordable housing. And we also believe that that affordable housing activity should include manufactured housing. So, these are some of the suggestions that we have. We appreciate the opportunity to share those suggestions during today's live listening session. And MH, I and our letter lender members stand ready to work with the FHA, FAA, and the Federal Home Loan banks to explore and implement these kinds of options to make sure that manufactured housing is supported through the banking system because we are such a critical part of affordable homeownership in America.

Thank you very much. And this concludes my remarks.

Karen Burk: Thank you. Our next speaker is Cornelius Hurley from Boston University. He'll be followed by Dutch Haarsma from the West Community Capital.

Cornelius Hurley: Thank you, Karen, and good afternoon or good morning, everyone, depending on where you are. I congratulate Director Thompson and her team of devoted professionals for their ongoing efforts to raise awareness about the Federal Home Loan Bank system. Dozens of roundtables around the country involving hundreds of participants have gone a long way to exposing this once dark but now growing and concerning corner of the financial services industry. Yet there is still so much more that is little known and there it is misunderstood in many circles. And I regret that much of this confusion is by design. For example, the Federal Home Loan banks themselves claim that they received no taxpayer support. Yet 100%. They are 100% supported by the taxpayers. Their debt would be worthless without the implied guarantee of the taxpayers. They claim not to be subsidized, and yet they receive an annual taxpayer subsidy of over $9 billion. Now much is made of the highly promoted and admirable affordable housing program, but few realized that that program is less than 4% of the subsidy that the federal Home Loan banks received. What that means is that that there is a negative annual rate of return to the taxpayer of 96%. That's 96% negative return to the taxpayers. For some perspective on the proportionality here. Just one loan by one home loan banks to one borrower. Silicon Valley Bank was 40 times. That's four zero times the entire 2022 assessment for all home loan banks for affordable housing. Put another way, the AHP contributions make up less than one half of 1% of the total assets of the Home Loan Bank system. They can do so much more. As was pointed out earlier, and in a time of housing and climate crisis, they must do much more. If this review process, the FHA banks at once achieves nothing else, training the eyes of the public on this admirable but grossly underfunded program will be a success. Whether it's through legislator, through regulation, let the Federal Home Loan banks themselves explain to the taxpayers why sharing 50% of their net income in this public private partnership is not in order. Now, the home loan banks claim to have an unblemished lending record. Yet their history, as was pointed out earlier, will be forever associated with the likes of Silver Gate, Silicon Valley Signature Bank, IndyMac, Countrywide and Washington Mutual. Yes, due to sloppy underwriting, they have made many bad loans, but for those, they get a pass. Why? Because the FDIC has consistently borne the cost of the FHL banks mistakes to the tune of $11 billion between 2006 and 2022. And we know that is the full faith and credit of the taxpayer that lends credibility to the FDIC fund. Now, more than ever now, the federal Home Loan banks would have us believe also that their mission is so solely about providing liquidity to the banking system. They hope the taxpayers will be satisfied with their token contributions to affordable housing. At a time of housing crisis. Empty gestures are no longer sustainable, especially from a government sponsored enterprise such as the Federal Home Loan banks. So, what to do? Here are four actionable recommendations that I make. They are mission, transparency, accountability, and community support. First, with regard to mission. Let's reject the notion that the home loan banks are intended to be the country's lender of last resort.

Just in the last ten days, the federal Home Loan banks have issued over well over $300 billion in taxpayer supported debt for housing, for community development. No, they did that to serve as a conduit for the customers of our country's regional and community banks as they flee to the embrace of the too big to fail banks. Let's face it, the too big to fail banks already enjoy their own implied taxpayer guarantee of all of their liabilities. They don't need to. When the current banking crisis recedes, as it eventually will and local financial institutions are laid bare, perhaps then the FHA banks can play an important role in filling the void. For now, let's free to form reaffirm the mission of housing and community development. Next. Had we known about the FHA banks massive loans to the likes of Silver gate silicon and signature many months ago when those loans were first made and they were made six, eight, nine months ago. Market discipline in the marketplace. They may have replaced the chaos that we are experiencing now. To this day, we do not know which banks are borrowing our taxpayer dollars from the home loan banks. Nothing instills panic more than ignorance. So, my recommendation number two is simply transparency. Disclose who is borrowing from the home loan banks next. FHL banks point to collateral as their backstop. In fact, the FDIC not collateral, is their backstop. It is the FHL banks super lean against the FDIC in the event of a bank failure that causes the moral hazard that super lane perverts the underwriting process of all homegrown banks. So, recommendation number three is accountability. When the FDIC experiences a loss as it is going to do in the case of silicon and signature, that loss ought to be paid back into the affordable housing fund and distributed remaining from non-banks. And recommendation number four has to do with the fact that many banks and just about all insurance companies are not in the in the home loan mortgage business. If they are not, they ought to submit a definite plan indicating how they intend to support those markets. In the coming weeks, you'll be considering many things, many other issues as you develop recommendations for Congress and for the public, issues such as governance, consolidation, membership, executive compensation. I hope that in your deliberations you will look beyond what the FHA banks have evolved into and reimagine the public purposes they were created to serve and can serve in these difficult times. Thank you for your time and attention and good luck with the rest of your deliberations.

Karen Burk: Thank you. Our next speaker is Dutch castmate from New West Community Capital. He will be followed by Leigh Lester of Ubuntu institute of Learning. Thank you.

Dutch Haarsma: Well, good morning. I can't seem to start my video because it tells me the host has stopped it so the host can start my video. I appreciate it. That's when he's trying to. There we go. Thank you very much. Appreciate it. Well, good morning, everyone. I'm Dutch Haarsma, the president of News Community Capital. We're a nonprofit community development financial institution. We had offices in Boise and Phenix, and we work throughout the Intermountain West, providing lending for affordable housing and nonprofit community facilities. I'd like to thank the Federal Home Loan banking system for their support of affordable housing over the work over the years. We too share a passion for affordable housing, communities and being. We are a member of the Federal Home Loan Bank of Des Moines as well. So being both a practitioner and a member of the bank, we have unique insights into the inner workings of the Federal Home Loan banking system as it relates to affordable housing production in the Intermountain West. At this time, when we are facing a liquidity crisis in the United States, institutions like the federal Home Loan Bank are critical to supply liquidity. That's the initial intent of the institution and one that is function fairly well. I think if we look at any of the federal home loan banks, advanced systems here over the last month or so, we'll see that they are providing critical liquidity to the marketplace. Without liquidity, there is insolvency among financial institutions. So, it's a critical component and I think our work is at the margins of improving the federal home loan banking system. Let's acknowledge that it works very, very well and is one of the Keystone institutions to provide liquidity to the system at a time when it's needed more, more than ever. I'd say as a practitioner, one of the few things that we'd like to address are the matters in which community development financial institutions can take advantage from the Federal Home Loan Bank. We do have to pledge collateral like every other financial institution. Those collaterals is discounted. We typically provide affordable housing mortgages on permanent multifamily properties as collateral. We'd like to see an advance rate that is much more in line with the work that we're doing in the marketplace. The more advanced that we have, the more liquidity we have and the more we can place that liquidity down into the cracks in the communities to help them build affordable housing in places that oftentimes don't have the kinds of capital support needed to do these kinds of projects. Second item is pricing. We've seen some pretty dramatic increases in interest rates over the last six months or so. I think we can begin to use some of the tools available on pricing that would certainly help keep many of these projects feasible. We are facing a time where between inflation, a supply chain challenge and higher interest rates, many projects are becoming infeasible over time. I think there are ways that the finance, the federal home loan banking system can use their balance sheet and systems and tools to even out some of these swings in interest rate shocks. Many things in community development simply don't do well with interest rate shock in helping to cushion some of those or smooth out some of the rises. And the dips certainly would help. I think that would be something worth exploring over the long term. I also want to touch on the H.P. program and the affordable housing program. As was mentioned, it is one of the largest affordable housings privately funded sources of capital in the country, second only to the federal government. It works very well in affordable housing. Most projects, especially in areas that don't have a lot of local public investment in affordable housing use. The AHP program is a critical source of capital to make those projects feasible. It works very well. We as a sponsor bank would sponsor member would also use this program to help many of our developers work in this space. What I will say is it tends to be overly complex, both on the approval process to use the AHP and on the compliance for both developers that use the program and member banks. That must, over the long term, monitor these projects. I think there are several proxies that we can utilize for compliance that will make it both easier for developers and member banks to do so. But it is a critical support. I'd encourage more rather than less, and I think our work around the Federal home loan banking system as both a practitioner and member are at the margins. The system works very well to meet liquidity needs. I think we simply need to expand the ability to do that in communities and most in need. And with that, I'll conclude. Thanks so much for your listening and appreciate your work on this issue. Thanks so much.

Karen Burk: Thank you. Our next speaker is Lee Lester from the Urban to Institute of Learning will be followed by Amanda Novak YMCA of the North.

Leigh Lester: Hi, my name is Leigh Lester. I'm the executive director of Ubuntu Institute of Learning and we are a training organization supporting underinvested communities by providing training, consulting services and technical assistance necessary for their long-term financial sustainability. We focus in the areas of affordable housing and entrepreneurship. And so, my book, My Speaking here today is focusing on specifically partnering with local nonprofit housing organizations, one to increase outreach and education by partnering with those local agencies also to establish a fund. I think it's I recommend, reestablish upon first year by partnering with nonprofit housing organizations to be able to buy homes with cash. I live in California, and at the high-cost markets, we're seeing a lot of investors pick up homes in lower income communities because they're able to pay cash. So having access, I think that would be great. Another program that we recommend is to find an IDA program on a national level. Well, you know, it used to be funded by RFI, but that funding ended in 2017. So, to establish a fund that would fund an IDA program that can be used in partnership with the WISH program would be very appreciated and necessary for our low-income communities. Also, that IDA program could also be used for business creation and local nonprofits who provide culturally curated entrepreneurship education could partner with the Federal Home Loan Bank to provide this. One thing that the IDA, the previous idea program had was a lot of education requirements, and I do recommend keeping that as part as going forward. Another idea that we're hearing locally is create a program that was fund land banks in each state. Then that that nonprofit how housing organizations can access directly and in order to help create more affordable long term affordable homeownership and then lastly, increase opportunities for local agencies to have input in creating these programs for their communities as something similar to what we're doing today. I think this is a wonderful opportunity for those of us who work locally, but also nationally, to be able to kind of provide that voice of what it is we actually need in our local communities. So, I'm very appreciative for having this opportunity. Thank you again. And I'm done. Thank you.

Karen Burk: Our next speaker is Amanda Novak from YMCA of the North. You'll be followed by Dayin Zhang from University of Wisconsin, Madison.

Amanda Novak: Thank you, Director Burk. Hello. My name is Amanda Novak, and I'm the senior vice president of strategic planning for the YMCA of the North, headquartered in the Twin Cities and the leader in wellbeing experiences across the state of Minnesota. I'm deeply committed to building and strengthening community in both my personal and professional life. I've served on the Federal Home Loan

Bank of Des Moines Affordable Housing Advisory Committee for the past seven years and have seen the positive impact. The HP Down payment and other affordable housing products have had on the health of the communities. Our Federal Home Loan Bank serves. Thank you for the opportunity to share my thoughts on the future of the Federal Home Loan system. I will start with a caution that a robust analysis should inform any considering action of potential changes to the Federal Home Loan banks, membership products and services. All policy should be reviewed thoroughly as to not shrink the system's ability to serve its members and to continue to generate earnings for the HP program. Federal Home Loan Bank members are key partners for Housing and Community development. They not only fund the HP program, members have a direct connection to their communities needs and our responsive to them. Members know that the health of the community is directly tied to the health of their institution, and we all know that communities have a broad range of needs related to investment types and supports. So, with that, this is why it's important for there to be a broad range of member sizes supporting those needs. As you have likely already heard from many others, HP is complex and needs to be simplified, although we appreciate the efforts to streamline that have been made to date, more needs to be undertaken per statute. HP gives preference to nonprofit organizations, which are community-based organizations. This preference should continue, and future changes should address the costs that nonprofits have to bear due to HP inherent complexity.

One way to do this would be to allow HP to rely on both federal and state funders. Review and moderator requirements. This shift would directly align with the HP statute that calls for regulations to coordinate with other federal funders to the maximum extent possible. HP statute also allows for the preponderance of assistance to be received by low- and moderate-income families. With this in mind, let HP be more flexible and take risks rather than expecting and administering to 100% compliance 100% of the time, which is neither realistic nor responsive to the community. I would also ask community to curtail overreach. Allowing supportive services on the operating proforma is necessary. HP is playing paying for the project to be built or rehabbed, not for the provision of supportive services. Let HP be the source of housing. It needs to be flexible, patient, and adaptable. During our retention period, let HP be a grant with success measured by a straightforward outcome. The acquisition construct or rehab of affordable rental or owner-occupied housing. The final comment I would like to make are with regard to the Federal Home Loan banks ability to offer a volunteer program, which is a contribution made by a bank in addition to an outside the HP. I am proud that the Federal Home Loan Bank of Des Moines recently announced a $10 million match to members grants for capacity building and working capital. The scarcest and most critical of financing needs of many of our community partners. This flexible, streamlined, and responsive program could not be possible within the confines of HP. Allow these voluntary programs to always remain streamlined. Don't layer requests for documentation or data. Let them stay innovative, responsive, and impactful. Thank you, Director Burke, for the opportunity to share my perspective. Thank you.

Karen Burk: Our next speaker is Dion Cheng from the University of Wisconsin, Madison, who will be followed by Marsha Erickson from Grove, South Dakota.

Dayin Zheng: All right. Thank you, everyone. It's a great honor for me to speak here at the home, at the Stella home and listen session. I'm an assistant professor at the School Finance University of Wisconsin-Madison. Why? I'm here today since I span almost eight years of studying in this financial institution, Federal Home Loan Bank and got my degree from the University of California at Berkeley by putting this study into my dissertation. So, I'm very happy to share some of my careful thoughts with the public from a researcher's perspective. So first, I want to emphasize that my current study is only on the advanced business of the Federal Home Bank in 2022 and the Fed, a home bank, provides for and provides 800 and $819 billion advance to the mortgage lenders, which is which makes the Federal Home Bank the dominant wholesale funding provider in the mortgage market and the federal Home Bank, a very special lender in two senses. One is that because of that GSE status, the Federal Home Bank was able to fund their lending with a very low cost close to the Treasury yield, and they passed that cheap rate to their member banks. And second, different from many of their product, different from many other private wholesale funding providers. The Federal Home Bank charges the same interest rate for all its member banks, regardless of their size. So, for many small banks, this is the only source of wholesale funding at such a low cost. The first conclusion from my study is that advances provided by the Federal Home Loan banks substantially help the mortgage lending up their member banks.

How did that get that conclusion? I did a very careful research design using bank mergers. You might think this is not a very hard work to do. You can simply compare member banks with nonmember banks. But there's problems with that comparison. And we cannot get a very meaningful conclusion from that comparison because member banks, if a bank wants to make more market loans, they tend to join the federal home loan banks. So, I solved this problem using a research line, using bank mergers. I so if the background is that if a nonmember bank was acquired by a federal home bank member bank, the target branches will have access to federal home bank funding after the merger. But only that is not enough because Tuesday's might happen at the merger. Is the funding access charge and the other is a merger itself which might affect the lending performance of the targeted banks?

So, to solve this problem, I consider multiple target mergers where a bank simultaneous acquire multiple target banks and some of them used to be members. Some of them used not to be, and it was within the merger. I compare this to non-bank and now a member and the member target to get that difference of two together federal Home Bank treatment impact.

So, this is an example of a target multiple target merger in study. So, on this map, the blue dots are Illinois national banks, which was operating in the urban areas of Springfield. So, in a year between the three had acquire two banks triangle and cross, and the Triangle Bank was a member before, and Cross Bank was not a member.

Both of them were acquired. So, I'm comparing within this merger and comparing Cross Bank and the Triangle Bank to difference out the merger. In fact. So, what is remaining is just the impact from the Federal Home Bank advances. Okay. So, this is a highlight graph from the study. So, the first we can see banks reduce their mortgage rate after getting access to a federal home bank. So, you can see that if the impact persist for many years and the overall reduction of the mortgage rate is about 18 basis points in terms of volume, there is even more substantial chance of the volume increase. We can see after getting access to a federal home bank funding and the bank will issue more mortgage it issue more mortgages by about 16%. So that is the first conclusion of this paper. And the second conclusion is that the federal home banks matters more for small banks. Here I'll show you the share of mortgage funding from Federal Home Bank. I grew the banks into three categories according to their size. The first group is the Big Four National Bank, which is the dash line here and the middle, the regional banks. It was assets about $1 billion, but not Big four. And the total assets below $1 billion is community banks, which is smallest. A group which is here on this graph. I plot the share of their federal home bank advances in their mortgage lending plot over time. So, we can see very striking two patterns. One is that the level is very high for small banks.

A typical community bank, 40 to 50% of their mortgage origination is funded by federal home bank advances. Second, we can also see the order of the federal Home Bank advances matter more for smaller, for smaller regional and a community bank. So federal home banks have reshaped the landscape of bank lending by reallocating more resources to smaller banks. And then we can study.

My study goes further to study why small banks matter. There are a variety of reasons why small banks, too, could benefit to the consumers. But mainly I focus on two. First, Federal Home Bank funding. By helping small banks, they shift the market structure and makes it more competitive. The market competition index will drop in the bank that was merged into bigger bank and having access to federal home Bank advances and without the competing banks also reduced their mortgage rates. So overall, the market level interest rate will fall significantly and at everyone.

Karen Burk: One minute remaining.

Dayin Zhang: An aggregate, in mortgage lending will increase. And the second spillover impact is on pricing efficiency. So, I found small banks compared with the big banks. Their pricing is more efficient because they have better soft information and specifically, they are responsive to low code default risk. So, if we have a bigger small bank share in the mortgage market, that will make the overall mortgage pricing more efficient. So that concludes my presentation here. So was fed a home bank. It can pass cheaper funding to the borrower. And also, it makes market more competitive and improved cost reduction pass through to the mortgage borrowers. If we want to put a number, there. So overall, with the Federal Home Bank, that can pass about $50 billion interest rate interest reduction to the borrowers and help them.

Karen Burk: Thank you.

Dayin Zhang: Thanks.

Karen Burk: Our next speaker is Marcia Erickson from GROW, South Dakota, who will be followed by Mark Fairley, Iowa Finance Authority.

Marcia Erickson: Good afternoon and thank you for the opportunity to provide comments today. My name is Marcia Erickson and I am the chief executive officer of GROW South Dakota. GROW South Dakota is a nonprofit Community Development Financial Institution providing innovative advancement of housing, community and economic development across the state of South Dakota. GROW South Dakota successfully partnered with the Federal Home Loan Bank of Des Moines, Iowa for over 25 years, using the Affordable Housing program. This key fund allows GROW South Dakota to assist low income households in making necessary improvements to their homes to make them safer, healthier and basic. This funding has helped GROW South Dakota to provide home improvement measures totaling over 8.8 million and assisting nearly 1300 low-income homeowners. The demand for housing improvements is high based on our current pipeline of homes waiting for assistance. Plus, home improvements were rated the highest in a 2022 community needs assessment conducted by Gro, South Dakota. In the survey, 74% of respondents rated home improvement as a high or moderate need. Also, nearly one third of the homes in our 51-county service area of eastern South Dakota are more than 70 years old, adding to the need for home improvement. Here is one example of the importance of HP in how the funds positively impact the lives of people we grow. South Dakota received a call from a senior resident that needed assistance with heating at the time of home inspection. We discovered energy inefficiencies and safety concerns in her home. The heating unit wasn't properly ventilated, which could cause carbon monoxide poisoning. The windows were leaking and there was no insulation in the house. But most significantly, there was no indoor bathroom. GROW South Dakota insulated. The house provided a new storm window and replaced the unmentioned space heater. Besides a lifesaving installment of the new heating unit, the most significant improvement with the assistance of the AHP, was the addition of a bathroom. After the work was completed, the client stated For the first time, I don't have to walk to the outhouse and worry about falling and I'm able to take a shower without someone without going to someone else's house. What I receive from this program has been life changing. The reality is, is that it's her home and she did what she could to maintain it on a fixed income and everyone deserves the basic amenities in their home. And there are stories like this across the country that captures the heart of what we do. The opportunity to age in place is critical and may not be an option for many without the assistance of the HP Fund. In the case of owner-occupied housing, the household income may not exceed 80% of the area. Median income grow. South Dakota recommends increasing the amount for owner occupied housing to 100% at 80% of the amethyst locks people out that need home improvement and especially those hoping to age in place in light of the rising costs and increase in the army is more important than ever. Homeowners at this level cannot afford necessary and sometimes lifesaving home improvements. With regards to rental projects, multifamily applications are awarded maximum points. If 60% or more of the units are for households with income at or below 50%, AMI. The remaining units are for households with incomes below 80% AMI for smaller rental units in our rural communities. This income scoring makes it difficult to utilize the AHP funding for needed improvements. The scoring basically leaves out our smaller rural rental units out of the equation and for funding simply not feasible. A four plex, for example, is three out of the four units reserved for households at 50% or below of the amount. If a rental unit has vacancies, we cannot rent to three of the four units to anyone over that 50%. AMI yet they are families and individuals that are possibly unhoused are having difficulty finding housing in the community of their choice. This can cause vacancy issues in small units while people are in dire need of housing. GROW South Dakota recommends rescoring to 20% of the units at 100% AMI for maximum points. The remaining units reserved for households with incomes below are at 120% of the AMI. Additionally, for rental units, the restrictions remain in place for a 15-year retention period. 15 years is too long of a retention period for units needing improvements. GROW South Dakota recommends a five-year compliance period for rental projects with 20% forgiven each year. 15 years as a regulated regulatory burden for everyone, and it makes it nearly impossible for small units to utilize the funding.

This can lead to vacancies, and it can push the apartments into cash flow issues leading to lack of funding for future repairs. Another recommendation to consider is a pilot program with established community development financial institutions. The pilot program with city offices could provide essential capital to meet the housing needs in underserved areas and provide affordable mortgage options. There is the potential to work with successful models that already exist within city of buys and reach areas and populations that are currently not being served. Additional representation on the Federal Home Loan Banks Boards from nonprofit City of Buys will also increase the voice of those that represent the underserved. I would also encourage the reassessment of the lower than market value placed on collateral. Presidio buys the percentage of markdown is too high. Further, the current regional structure of the federal Home Loan banks works. The regional structure helps to develop lasting relationships that get to the root of the most challenging housing needs that are unique throughout our communities. Different communities have different needs. The regional structure allows better response to local needs and should be preserved. Finally, according to regulation, each Federal Home Loan Bank must establish and contribute 10% of its net earnings to the fund. However, this really is not enough to address the housing needs in our communities. More funding should be allocated and set aside for the program, and as I said earlier, the program should allow for greater flexibility and be simplified. Grow. South Dakota does recommend increasing the 10% that is currently required as an annual contribution. Any contribution above that 10% should allow for flexibility to meet the

Karen Burk: One minute remaining

Marcia Erickson: Communities such as pilot programs with city advised flexibility to battle. The challenges that are unique to each community is very important. I'd like to thank the FHFA for the opportunity to comment today and for the work that you do every day to make our communities a better place. Thank you.

Karen Burk: Thank you. Our next speaker is Mark Fairley from the Iowa Finance Authority. He'll be followed by David Brown. The gathering tree in Village.

Mark Fairley: Okay, Thank you. I tried to start my video, but I think my video is controlled. Okay, perfect. Thank you. Hello. My name is Mark Fairley. I'm a finance officer for the Iowa Finance Authority. We are a state housing finance authority that was created in 1975, located in Des Moines. We issue tax exempt municipal debt, which funds housing for low to moderate income homes, homeownership, and rental. We're allocated a private activity bond capped annually by the US Treasury. So, I will start off just detailing some of our historical and present business relationships with the Home Loan Bank. Home Loan Bank of Des Moines. There's kind of four key areas and then just end with some future thoughts and recommendations. So, we are a housing associate housing affiliate with the Federal Home Loan Bank of Des Moines. We did execute on an advance pledge a security agreement with the bank back in 2006, which allowed the bank to extend credit to IFA through secured advances. The first business relationship involves liquidity facilities. Back in 2008, the Iowa Finance Authority selected Home Loan Bank through an RFP process as a liquidity provider for our newly issued single family variable rate debt. These instruments are VRD ends. They're short-term liabilities, which are marketed weekly gives the investors a put option to the liquidity facility, which is FHB. So, in that in 2008 we issued 97 million of new VRD and about taxes that been taxable backed by FHB, which allowed us to finance 30-year fixed rate mortgages to first time homebuyers across the state. So back in 2008, the Home Loan Bank was not our only liquidity provider. We had two European banks that backed 140 million of variable rate debt. And during that economic crisis, the financial the financial condition of those banks deteriorated to the point where the yields on those bonds increased and caused them not to be remarket to investors. The VRD plans did go into bank bond status with extremely high rates and accelerated bond principal repayments. So, during that time crisis, fortunately we had Hommel Bank as a current partner. They were in our backyard here in Des Moines. We did turn to them to see if they could step in and substitute as a liquidity provider on the 140 million. Thankfully, they agreed with pricing out 5 to 7 years. We did have to prepare new offering documents, but we did get those bonds reissued in early 2009 and due to their triple-A credit, they named the bonds and no longer were a threat to go into bank bond status. And that pattern of successful remarketing continued over the next several years. We did go through a period where we didn't issue any single-family debt until about 2015. We did reboot our bond program that year for new issuance, and we've done an additional 99 million of verbal rate debt backed by Home Loan Bank with Hummel Bank as liquidity providers. So, we've actually issued 336 million of single-family liquidity facilities partnered with Federal Home Loan Bank of Des Moines. The second relationship Revolver is we involves a private activity. Bobcat Preservation. We had a draw down bond facility with Merrill Lynch in 2008, which expired due to their issues with Merrill. During that time, we entered into a note short term note with Home Loan bank to preserve our private activity bond cap through a process called replacement refunding. So, they did substitute in for Merrill on this vehicle in the form of a short-term advance note, and the proceeds of the note were invested into a pledge CD with Home Loan Bank that was held at at the bank. They were the custodian. So, the size of this note was approximately $50 million. The note was reissued and rolled over a few times for the next one or two years, I believe, and I think ended in 2011.

The third historical relationship involves a private placement bond, which was issued by Iowa Finance Authority. It was backed by our general obligation and that private placement funded two multifamily projects, permanent loan funding. It was a $12 million taxable go bonds. The bond was variable rate based upon one month LIBOR plus a spread, and it financed over 300 units of affordable rental housing. One project in Davenport, one in West Des Moines. The fourth relationship, and this is fairly recent on the multifamily project side, we used the advanced program in 2018 to help partially finance a $1.6 million project in Davenport. We had the flexibility to customize the terms of the advance and pass that structure on to the borrower. The project we did a seven-year fixed rate advance with longer amortization, 15-to-25-year range, I believe. And then we pledged to promissory note as collateral. That advance has been repaid prior to maturity. I thought we might do more through this secured advance program on multifamily loans, but we didn't have the projects unnecessarily. So, in summary. Home Loan Bank has been a trusted and excellent partner for the Iowa Finance Authority. We have a positive relationship with them, and it continues to be pretty solid. Future thoughts and ideas. Since Iowa Finance Story is a frequent issuer in housing bonds. We're in the in the market selling or doing a public sale three or four times per year. It'd be nice to see a federal loan on my bank could become a more active purchaser of our HFA long term debt in the 20- or 25-year 30-year maturity range bonds with longer duration that would help drive down IFA's overall cost of funds. Composite cost of bonds and theoretically allow us to lower our mortgage rates to first time homebuyers in Iowa. And that concludes my remarks. Thank you very much.

Karen Burk: Thank you. Our next speaker is David Brown from the Gathering Tree Eden Village. And who will be followed by Jason Meyer Hoffer from First Federal Savings Bank.

David Brown: There you go. Thank you. I appreciate this. I'm going to bring you a view of someone that has received an AHP grant and just tell you, our story. Eden Village is a program of the Gathering Tree, which is our five OMC three nonprofit corporation. We're in Springfield, Missouri. We are providing permanent supportive housing for the chronically homeless. We started the Gathering Tree in 2010. It was an evening drop-in center. It was our first encounter to deal with our friends that are homeless. And over the course of several years, we began to build relationships and began to understand what it really means and what the true causes of homelessness. I can tell you our view of homelessness 13 years ago is totally different today, and probably our view 13 years ago is what most people view is. But it's 180 degrees of what it was at that time. Our encounters with our people in the drop-in center gave us a chance to gain insight into the multiple causes of homelessness. About the fourth year of operating our drop-in center one evening, we decided, you know, what we're doing is important work, but it is not solving the problem of homelessness. And that's when we began to look into what work could be the solution to homelessness. We found a few cities, some in the Northeast, northwest, I'm saying that had that had built some permanent supportive housing in tiny home villages. We explored those, looked at that, and came up with a plan. Began to dream. What could we do with that? In Springfield, Missouri. In 2016, we put together a couple of teams that researched all this and began to raise money, and the end result was in 2018 we opened Eden Village one. It's a permanent, supportive housing tiny home. It's a gated community and we have 31 homes in there were housing 31 individuals in those homes. In 2021, we opened Eden Village, two here in Springfield with another 24 houses. And we are currently under construction of Eden Village three, which will house another 24 people. And that should open about this time next year. We've already reduced the chronically homeless population in Springfield, Missouri by 25% through the Eden Villages. Our goal is that Springfield, Missouri, will become a city where no one sleeps outside, no, and we made an impact in reducing the homeless count here. But it's an economic impact for the city. It's estimated that in towns that have chronically homeless people, the average person, chronically homeless person per year costs the city about 30 to $40000 per person. Eden villages and similar villages like this can reduce that by somewhere around 60 to 80%. That's a huge economic impact, and it's particularly those people particularly drain the health care system. And we believe that housing is health care. And not only have we. And so, I tell this story just to praise the Federal Home Loan Bank, particularly the one in Des Moines, which is in our district, each village has been the recipient of the maximum grant for that year. We have now been the recipients of two and a half million dollars. We have been typically able to raise enough money prior to getting the grant that when we get the grant that is our tipping point and proceed with construction. We see the reason for this review is to gauge FHB and its work. We wholehearted support FHB. We have no recommendations of what to change our staff. Their staff has been outstanding and not only helping us with the grant, but also helping us make a good grant, and then after the grant, helping us when we have to do a reported would start as an idea. My wife and myself in 2010 to solve a societal problem has gone way beyond our dreams. Never had we felt never. We realized what it would do not only in Springfield but across the country. We now have licensed 13 cities in 11 states to build our Eden Village model in their cities. We feel we've just touched the iceberg of homelessness, but we are now gaining national attention and maybe our dream will spread where no one will sleep outside in the U.S.

My sincere thanks to FHA for allowing me to share our story and particularly the FHA lobby for their help. Thank you very much.

Karen Burk: Thank you. Our next speaker is Jason Meyer Hoffer from First Federal Savings Bank. He'll be followed by Jessica Garcia, Americans for Financial Reform.

Jason Meyerhoeffer: Yeah, thank you. I'm not sure my video's going to come up either. There it is.

Phuong Short: And you should be able to start your video.

Jason Meyerhoeffer: Okay, we try again. Yeah. Sorry, it's grayed out. I can just go ahead and proceed with that video if that's all right. I keep hitting the start my video button.

Karen Burk: Please proceed. Thank you.

Jason Meyerhoeffer: Yeah, we'll do okay. Thank you. Yeah. As I mentioned, I'm Jason Meyerhoff, our president and CEO of First Federal Savings Bank in Twin Falls, Idaho. And first federal is a 107-year-old mutual savings institution and has been a member of the FHA system for almost its entire 90 year history. And as the public input phase of the FHA system at 100 wins down, I appreciate the opportunity to share some of my experiences and thoughts regarding the FHA system. First, I'd like to reemphasize the importance of the FHA system to the banking system and community banks in particular, and encourage you to be cautious, I guess, and thoughtful regarding potential changes to the system. From my experience as a community bank CEO, our FHB membership is a vital part of our liquidity planning. FHB funding has played a critical role for our bank in major financial cycles of the late 2000. And most recently with the rapid increase in rates and deposit outflows. Even between those times when there were stretches where we do not have any FHB advances just knowing we had access to a reliable source of liquidity allowed us to continue to lend to homeowners and businesses in our communities, and that source of liquidity became less reliable or accessible. Our business model and lending activity would certainly be affected. I'd also like to offer a few thoughts regarding some of these specific issues which appear to be under consideration by the FHA. With regards to FHA, we membership of large financial institutions, yes, they have more access than smaller institutions to liquidity in the capital markets. The large banks are an important part of the FHA system.

They account for a material portion of the FHA B's earnings, which obviously is the basis for the affordable housing program. Funding. If one of the priorities of this review is affordable housing, restricting larger banks access to the FHB system would be detrimental to that objective. Smaller situations like my own also benefit from the scale larger banks bring to their HB system and the associated access to capital markets. If you have a job, believes advances need to be more closely connected to home lending, I encourage you to exercise caution how this might be achieved. Once again, our bank provides a good example for my concern. We have about 50% of our balance sheet in mortgage related assets at this point in time. About 10% of our funding comes from the advances. As you can imagine, we don't try to associate our FHB advances to specific mortgage assets, but clearly FHB funding plays an important role in our ability to make and hold mortgage loans, especially not conforming mortgage loans. These are good loans but are not offered by most institutions because they are not readily marketable to the GSEs or other investors. I would also encourage caution regarding expanding FHB membership to other housing related entities such as REITs or mortgage banks. Opening membership to less regulated entities would certainly increase the risk in the system. As you know, one of the keys of the FHB system is its history of never sustaining a credit loss, and opening membership to these entities would increase risk in the system and potentially compromise its nearly risk-free standing in the capital markets.

Finally, I think it's safe to assume that most of us agree that affordable housing is an issue in our country, but we need to truly examine the root causes for this. It certainly isn't a failure on the part of the FHA system. Any changes to the FHA system negatively affect members of TUITION'S. Access to this reliable source of liquidity will most certainly have negative consequences for the previously mentioned issues. Thank you.

Karen Burk: Thank you. Our final speaker today is Jessica Garcia from Americans for Financial Reform, and then our deputy director, Joshua Stallings, will provide some conclusion, statements and closing remarks.

Jessica Garcia: Good afternoon, all I want to start by saying thank you to FHFA for leading this Federal Home Loan bank system review process. And thank you to all the folks who have joined today or participated in any of this process. My name is Jessica Garcia. I'm a climate finance policy analyst with the nonprofit Americans for Financial Reform Education Fund. Our mission is fighting to eliminate inequity and systemic racism in the financial system, in service of a just and sustainable economy. In addition to many other areas our organization cares about and engages on federal issues pertaining to housing, consumer protections, climate, and community investment in order to provide a sufficient value to the public. The Federal Home Loan banks need to expand their investment in affordable housing through the affordable housing program, community lending programs, and other FHB discretionary activities that FHA should also create climate risk guidance for FHA banks to support member banks on climate mitigation, climate resiliency, and disaster preparedness and recovery efforts. I appreciate the opportunity to participate, and I will note that we have already submitted written comments and plan on submitting additional comments, particularly on affordable housing. Today, I'm going to focus my comments. Climate risk and Resilience. The FHA be in step with other federal agencies and programs must confront risks from climate change, which threaten the lives, livelihoods, and homes of families across the United States, and represents substantial and growing financial risk. Physical threats from climate change include fast rising sea levels that threaten our coastal towns, higher incidence of severe storms and hurricanes up after the Gulf region. Unprecedented levels of riverine flooding that damage homes along major waterways and devastating wildfires that consume homes as fuel in our western states. Now, effectively year-round climate impacts will continue to grow and are likely to become exponentially more costly for decades to come. These climate driven weather events represent profound risk to our nation's housing, stock and mortgage markets because beyond immediate physical damage, areas that experience experiences events often see increased rates of mortgage default, community wide depreciation in property values and insurance pullouts. Failing to act on climate will contribute substantially to inequities for low-income communities and communities of color. As climate related harms gradually impair household and community financial conditions and reduce services to those communities.

Thanks, in turn, are becoming more reluctant to serve those communities. Banks are concerned example that these impacts will compromise the abilities of these communities to repay loans. This has resulted in banks increasingly avoiding climate vulnerable areas. Acute and increasingly frequent climate related disasters such as wildfires and hurricanes, as well as chronic issues such as heat, stress, sea level rise and drought. Disproportionately impact low- and moderate-income communities and communities of color. Communities that in this situation are left to bear. The costs associated with both the physical of climate change and the risk management measures that banks may take given these disproportionate impacts related to housing and community investment. The FHA should be considering climate related risks and opportunities in its review of the Shelby system, particularly for the most climate vulnerable communities. I'm going to share three recommendations to begin addressing climate risk. The first is that the FHA should publish guidance on related risk to the housing finance system as a logical next step following its January 2021 public request for input on climate and natural disaster risk management at the regulated entities. FHA funding guidance should ask FHL Banks to monitor and ensure their members even those not classified as large. Banks adhere to the climate supervisory principles from the federal banking regulators. Once finalized in 2023, as as similar guidance from state insurance regulators or state insurance regulators, it is critical that FHA have a climate risk guidance. Ask Federal Home loan banks to encourage members to enhance operational resilience to climate risks, especially for smaller institutions that provide vital banking services to underserved communities during and following disasters and other times of acute need, and that risk mitigation strategies by member banks remedy rather than exacerbate economic burdens on lower income communities and communities of color and promote affordable housing goals.

FHA supported climate risk mitigation measures generally should be developed in a way that ensures accessibility and affordability in LMI, communities and communities of color and promote bonafide wealth building opportunities in these communities. Acceptable Climate risk Mitigation for FHA. All bank members can include lending strategies that promote resilience, including the development of climate resilient, affordable housing, schools and businesses, clean electricity projects and micro-grids nature based protective infrastructure known as green infrastructure, building decarbonization, which includes holistic home weatherization and health interventions, electric public transit and electric vehicle charging infrastructure and lending to green small businesses and corporations with legitimate decarbonization. Transition strategies. For smaller community-based banks, investment in weatherization and climate resilience for local businesses can improve the financial health of the community and promote safety and soundness. The second recommendation is that the FHA. FHA should require that each of the federal Home Loan banks hire a climate risk officer to monitor climate risks relevant to their region and membership, and lead on climate risk management practices.

These risk officers should engage with FHA VA on future climate related guidance for FHB system members. These officers should be hired in recognition of the need to educate FHB bank members on climate related physical and transition risks, as well as climate resilience and greenhouse gas and pollution reduction project opportunities for member banks. The third and final recommendation is for supporting climate related risk opportunities.

In addition to climate related financial risk guidance, the FHA could provide guidance and FHL Federal Home Loan banks can help support knowledge transfer across members on green lending for underserved communities to provide confidence to smaller banks in moving forward on these kinds of loans. In conclusion, with the FHA phase review of the Federal Home Loan Bank system, affordable housing, and Climate risk, one remaining to be top priorities for reforming the 100-year-old federal Home Loan Bank system. Any resultant actions after the conclusion of the review process should align with the upcoming 2023 finalization of the proposed Community Reinvestment Act on climate risk. The FHA should engage with the prudential regulators, the Federal Home Loan Bank system members, the Biden administration, and other federal agencies on the Justice 40 Initiative, as well as other climate focused federal programs such as the inflation Act programs.

Our organization plans to submit more detailed, written comments alongside partners by the deadline next Friday, March 31st. Thank you for your time today and throughout this process.

Karen Burk: Thank you. And thanks to all the speakers that joined us today and throughout this three-day listening session. Before we conclude, the deputy director, Joshua Stallings, will provide closing remarks. Thank you.

Joshua Stallings: Thank you, Karen. And thanks to all of you joined us and wide comments in the past few days. We appreciate you taking the time out to. We kicked off the federal movement system where you last fall. We could not have anticipated the high and sustained level of engagement of multiple discussions, regional roundtable discussions, and went on to work with hundreds of people about the important role that banks play and for the convergence of falling affordable housing. The government was listening. It had to motivate listening sessions and held 90 roundtable discussions. We needed more. I will never forget what we witness that we made things stops and more and more for those that opened their doors and spent time with us along our journey. I want to say that we see we appreciate all the hard work being done to address the need of. To that end, it is important to note our work is not yet done. In fact, and in this box, we are this instrument. In the following weeks, my team will be reviewing everything we are between together report recommendations. We will have recommendations for consideration by Congress to ensure the banks are well-positioned to meet the needs of the members and I hope you all stay engaged in seeking for. Updates later this year. Before I Wrap? I would like to encourage you to submit comments to all banks except those comments. We would march to the details on something new and comments on my website. Please also check the website for the forums and transcripts. We appreciate the feedback. We will see you again.