03/03/2023

Sandra Thompson

Director

Federal Housing Finance Agency

400 7th St SW

Washington, DC

RE: FHLBank System at 100: Focusing on the Future

Dear Director Thompson:

I would first like to thank you and the FHFA for the opportunity to speak at the 09/29/22 Listening Tour and the ability to follow up with written comments. As President and CEO of a small community bank in rural northeast Indiana that has severed our customers for over 110 years, we value the relationship we have had with the Federal Home Loan Bank since 1936.

How we serve our customers and communities looks much different today than it did when I began my career over 25 years ago. One constant has been the support and partnership with the Federal Home Loan Bank of Indianapolis. The Federal Home Loan Bank has given us the opportunity to help our neighbors realize the American Dream of home ownership.

In the heavily commoditized mortgage loan industry, in rural communities, like the ones we serve, sometimes borrowers don’t fit perfectly into the secondary market underwriting box.

It doesn’t mean they are bad; it just means they don’t fit in a standardized underwriting system.

As a community bank that has the ability to portfolio loans and has since our inception, we are able get these families into homes. We are able to do this due to the partnership with the FHLBI who provides us the necessary liquidity to support our portfolio mortgage lending.

As we have evolved over the years as a bank, so has the Federal Home Loan Bank. Not only has the FHLB been there for our mortgage lending operations, we are now able to partner with them on commercial lending as well. As a small community bank, we work with more of the “mom and pop” commercial customers. The Federal Home Loan Bank allows us to continue to meet their needs as they grow, thrive and exhibit the entrepreneurial spirit.

The strong relationship we have with the FHLB is due to the fact that they are in our backyard.

I feel the current regional system is invaluable as our needs may be different than the needs of other banks in other areas of the country. Indianapolis understands our markets and understands the banks in Indiana and Michigan.

I am fortunate to have friends within the industry who are currently or who have previously served on the FHLB board. My father previously served as a board member of the FHLB. This local representation gives our institution access if there are concerns, but more importantly insures the FHLB is meeting the needs of its members responsibly. Losing the regional aspect of the current FHLB system, in my opinion would be detrimental to the members.

Our partnership extends well past liquidity for mortgage and commercial lending operations. Through the FHLB’s Affordable Housing and Community Investment Programs, we’ve been able to help hundreds of families with housing needs. Through a forgivable down payment program, we were able to assist over 100 families with more than a half a million in grants to help them achieve their dream of home ownership. In addition, we were able to secure almost $3.5 million in grants from the FHLB that helped fund 5 projects that created over 800 units of housing. These programs are invaluable to rural communities and could mean the difference between that community thriving or dying.

I am hopeful my comments reinforce the value of the Regional FHLB system that has stood the test of time for almost 100 years.

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