

2024 Hike the Hill – Federal Housing Finance Administration

Wednesday, September 25

Time: 1:00 p.m. - 2:00 pm

Location: Federal Housing Finance Administration
400 7th St SW (use Metro Entrance located on the D St. side)

On Wednesday, September 25, Hike the Hill meeting participants will meet at the Federal Housing Finance Administration, located at 400 7th St SW. Please note that participants will use the Metro Street entrance located on the D St side, and participants should arrive 30 minutes before the scheduled meeting time to allow for security procedures.

After clearing security, we will begin with introductions, followed by a facilitated discussion. The purpose of our upcoming FHLB meeting is to emphasize the critical role the Federal Home Loan Bank system plays, not only for credit unions but for financial institutions nationwide, as well as for housing stability across the country. Our primary goal is to encourage the Federal Housing Finance Agency (FHFA) to take measured and incremental steps as they move forward with the [FHLB at 100](#) agenda. We want to advocate for a guiding principle that focuses on expanding access to wholesale liquidity for credit unions while simultaneously reducing the cost of that liquidity. This will ensure that the system remains a vital resource for our financial institutions and continues to support affordable housing initiatives.

Core Mission Change - How is the FHFA considering potential requirements for tracking advances against lending activities, particularly for smaller institutions? For example, adding a tracking requirement could be time-consuming, expensive to implement, and costly to monitor. While the largest institutions may have the scale to absorb these costs, smaller entities would be disproportionately affected, potentially reducing their access to critical liquidity. With this in mind, how does the FHFA plan to tailor rules to ensure that smaller institutions can continue to access the FHLB system without undue burden?

GoWest Association FHLB Letter 7-15-2024 Final

Affordable Housing Set Aside - Affordable housing is a critical issue for credit union members and communities across the country. How is the FHFA considering ways to encourage the Federal Home Loan Banks to voluntarily increase their Affordable Housing Program (AHP) set-asides without mandating an increase? While we understand the desire to drive more funds to the AHP, we have concerns that mandating larger set-asides could increase the cost of funds for financial institutions. In some years, a larger set aside might be appropriate, but in others, it may not be sustainable, making guidance more preferable than strict regulations. Could you share how the FHFA might balance these factors to ensure flexibility while still promoting the goals of the AHP?

FHLB Access - Credit unions strongly support expanding access to the FHLB, particularly for community-focused financial institutions and highly regulated entities that are dedicated to serving their members and communities. Many of these institutions may not meet the 10% requirement for housing-related investments, but they are making significant investments in their members that help position them to become future first-time homebuyers. However, we have concerns if FHLB access were to be granted to entities that are not as highly regulated or examined, this could introduce added risk and potentially lead to FHLB losses, ultimately harming regulated entities. With this in mind, how does the FHFA plan to balance expanding access while ensuring that only well-regulated, mission-driven institutions are allowed to participate, minimizing risk to the system?

Other Discussion Comments/Questions (time permitting)

The Unified Agenda and Other Rules –

Board, Management, and Owner-Occupied Subsidy - The Unified Agenda for the FHFA includes a number of proposed rules that would impact the FHLB while we would be interested in better understanding what the FHFA might consider related to changes to the FHLB Boards and Executive Managements, and what changes to the owner-occupied subsidy the FHFA is considering.

Credit Worthiness and Unsecured Credit Limits – Can you share what the goal is behind changing the credit worthiness evaluation and the unsecured credit limits and how the changes could decrease or potentially increase access to capital.

Establishing a minority census tract goal for the FHLBanks - We commend the FHLB for considering a rule that would establish a minority census tract goal, which could be an important step toward addressing inequities in housing access. However, we're interested in understanding more about what this rule might look like in practice. Specifically, would the establishment of this goal potentially result in less investment in non-minority census tract vulnerable communities, particularly in rural areas? How does the FHLB plan to balance support for minority communities while ensuring that rural and other vulnerable populations continue to receive necessary investments?

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