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

Joshua Stallings: - Welcome to FHFA's third roundtable discussion. To those of you watching us live, we are in Indianola, Mississippi and are pleased to be holding our session here today at the B.B. King Museum. Our discussion today will explore the Federal Home Loan Bank's role, or potential role, in support of underserved communities. My name is Joshua Stallings. I am the Deputy Director of the Division of Federal Home Loan Bank Regulation, and I am joined by LaRhonda Ealey, our Senior Economist, and she's going to actually be our moderator today.

We would like to thank our esteemed roundtable participants, our guests joining us here in person, and all of you watching us live on the stream. We have been very pleased with the high level of stakeholder interest. LaRhonda, as I said before, will be your moderator today, and I'll turn it over to her for some opening remarks.

LaRhonda Ealey: - Thank you for the introduction, Joshua. It is an honor and a pleasure to be here at this rural housing roundtable in my home state of Mississippi. I bring you greetings from our director, Sandra Thompson, who also has Mississippi roots, as her parents are from Mississippi, but they migrated to Chicago during the Great Migration. Welcome to those of you who are joining us in the audience, as well as those who are participating and listening to us on our live stream. As Joshua iterated, thank you so much to our distinguished panel of guests. We are looking forward to this very insightful conversation and dialogue. We would also like to extend our well wishes to two of our roundtable participants who were unable to join us today due to unforeseen circumstances. Ms. Andrea' Barnes, from the Mississippi Center for Justice, as well as Angela Curry from the Greenwood-Leflore Carroll County Economic Development Foundation.

So, this is our third roundtable discussion. For the benefit of those who may be joining us for the first time, we were just in Chicago, again, today we are in Indianola, Mississippi, where we will be talking about affordable housing and community development as it relates to rural communities. And just under three weeks ago, we hosted our inaugural roundtable in Washington DC, where we explored questions on the mission and purpose of the Federal Home Loan Bank System, and while in Chicago, we explored issues as it relates to financially vulnerable communities.

These roundtables are the second phase of our Federal Home Loan Bank System 100: Focusing on the Future initiative. With the centennial of the Federal Home Loan Banks approaching, Director Thompson felt that now was a good time as any to conduct a comprehensive review of the Federal Home Loan Bank System. We kicked off the comprehensive review, which turned into a three-day, three-part listening session due to such high level of interest. Again, today's session will cover rural communities. We do welcome bold ideas. Some of the ideas that you present may require legislative action to implement, but we welcome recommendations that can also be implemented in the near term. This is especially true for times during market stress, particularly for smaller Federal Home Loan Bank members that don't often have access to funding. Even with this true, again, we invite you to speak boldly and candidly about your ideas for the Federal Home Loan Bank System. In this in future roundtable discussions, we're going to be asking some very big questions on the bank's role or potential role in addressing housing finance, community, and economic development needs, and affordability needs that are unique to rural as well as financially vulnerable populations. We hope to extend that reach too. This is, of course, part of a big initiative, and we understand that not all issues are the same everywhere. As our director has repeatedly stated, we are looking forward to engaging our key stakeholders. And with that in mind, I'll ask Joshua to share some of our rules of engagement today.

Joshua Stallings: - All right, thank you. So, the fun part, how we play nice. Okay. So LaRhonda is going to be moderating our discussion today, and she's going to be directing questions to the roundtable participants. We expect and hope that we will have an open engagement and discussion, and no recommendations or views should be considered off the table. And we encourage you to offer differing views about some important questions that we will be covering this afternoon. We also want this to be orderly.

As such, we'll ask that everyone turn their name placard to the side, so that LaRhonda can know to call on you if you want to speak. So, if you want to respond to somebody else's response, turn your placard to the side, she will know to call on you at that time, and we can keep the conversation kind of moving without people talking over each other. And to ensure that everyone has a turn to speak and that we cover all the discussion points that we want to cover, if someone is going long, LaRhonda will interject to keep the conversation going. So, third, we will have a break roughly halfway through today's event. When we get to that point, we will signal it for you. Also, I have a disclaimer I have to read from our legal folks, so please bear with me, as I'm going to be reading this directly off the page.

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 rule making. If FHFA does decide to engage in a rule making on any matters discussed today, this meeting would not take the place of a public comment process.

The rule making 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 rule making document, if we determine that a summary would be useful to explain the basis of a rule making. 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.

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 prepared 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. With that, I'll turn it back over to LaRhonda to get us going.

LaRhonda Ealey: - Thank you, Joshua. Just to reiterate, I am really excited about this very dynamic panel we have. I know you all have a lot to say and a lot of insights to share, but we are going to ask that your statements are concise, and insightful, of course. And as the moderator, if I have to pull your coattail a little bit so that we can move on and make sure that everyone has equal opportunity to speak, as my grandmother would say, please charge it to my head and not my heart. We have had the opportunity to meet and dialogue with you all prior to sitting at the table and at lunch, but we may have those in the audience as well as those on our livestream who are not familiar. So, we're going to ask that we go around the table and that you briefly introduce yourselves. Tell us who you are, any affiliation that you have, the community that you represent, and also any affiliation that you may have to the Federal Home Loan Banks. And I'll start to my left.

Cynthia Hines: - Good afternoon. My name is Cynthia Hines. I am a partner with Gray Consulting and Investigations, and I have in the past and still currently work with nonprofits in leadership roles and as a consultant. But I would say in this particular instance, it is my role as an advocate for individuals who find themselves living in or a part of underserved communities when it comes to housing today, will be my role.

Daniel Boggs: - My name's Daniel Boggs, I'm the CEO of Greater Greenville Housing and Greater Greenville Development Foundation in Greenville, Mississippi. We're a nonprofit organization that has utilized Federal Home Loan Bank funds for various activities within Greenville Mississippi, including down payment assistance, homeowner rehab, and new development for affordable housing. So, I'm here. We've utilized Federal Home Loan Bank of Cincinnati funds and Federal Home Loan Bank of Dallas, which are currently within that network with partnering banks. So, here's the developer side.

Calvin King: - Yes, my name is Calvin King. I'm with Arkansas Land and Farm Development Corporation, and we're involved with housing development from a syndication perspective in using tax credit for development, along with acquisition and rehab as far as affordable housing. We also have worked with farmers on rural community economic development, addressing the issue of the lack of equality and equity as relates to the African American population, and particularly communities where you have more of the disenfranchised segments of the population as a whole, particularly when you look at Eastern Arkansas, the Delta region here in the US, Arkansas, Tennessee, Mississippi, and areas. We have a subsidiary organization, Arkansas Land Community Development Corporation, that works to deal with the program service delivery from both the advocacy perspective as well as workforce readiness with youth.

LaRhonda Ealey Thank you.

Cindy Holler: - Good afternoon, my is Cindy Holler, and I am the CEO of Community Housing Capital. And we're based in Atlanta, but we're affiliated with the NeighborWorks network, so we lend nationally to communities all over the country. So, varying from rural areas, like the Delta, to big cities. But we specialize really in early lending and allowing the not-for-profits of the NeighborWorks network to take an idea and conceive it and get it ready to be financed. But one of the things that we've learned is that those same organizations really need long-term fixed rate financing. So, we joined the Federal Home Loan Bank System in 2008, I believe, it was before my time, and recently have been an active user as we've moved our organizations from thinking about a blank piece of paper to actually implementing over the long term, which is what we think it takes to do community development. My background is both in real estate development and in lending, so I've been on both sides of the table. So, I'm very happy to be here today.
Thank you.

Mala Brooks: - Good afternoon. My name is Mala Brooks. I am a county supervisor for Washington County. My biggest concern is, number one, identifying ways for people here in Washington County Delta to become homeowners. As most of you know, the Mississippi Delta is one of the poorest regions in the nation and just identifying ways that they can be a part of the American pie but also the economic development side is a big concern here in our region as well. So, I'm here for the citizens to identify their concerns along with the economic development piece for a growing region for the Delta.

LaRhonda Ealey: Thank you.

John Olaimey: - I'm John Olaimey, I'm presidency of Southern Bancorp Bank. First let me say it's a pleasure to be here. Second, fantastic disclaimer there. As a lawyer, I should say that I'm very proud of my brother for being able to draft like I should draft something myself. As I mentioned, I'm the Presidency and CEO of Southern Bancorp Bank. We're a 2.5 billion regulated bank. We're also a community development financial institution, which is designated by the US Treasury that we originate at least 60% of our credits in low to moderate income areas annually. We have 54 locations. We are primarily in the most impoverished areas of Arkansas and Mississippi. We also have a non-profit Southern Bancorp Capital Partners, which is a loan fund, which is also ACDFI that works in partnership with us, which allows us to be creative at times when we can be.

David Jackson: - Good afternoon. I'm David Jackson, Delta Housing Development Corporation and actually based right here in Indianola. So welcome to our home and we are basically we actually a practitioner. We a developer, we have management and then we try to just deliver affordable housing throughout, actually throughout the Delta, even though we are based here, but we have worked off basically all across the Delta over the years. We've been around since 1971 doing this type of work and we really see the agency have a greater need of existing going forward because unlike we would think the demand for affordable housing is actually increasing instead of decreasing.

LaRhonda Ealey: - Thank you.

Ed Sivak: - Good afternoon. My name is Ed Sivak. I'm the Chief Policy and Communications Officer at Hope Credit Union. Bill Bonham, our Chief Executive Officer sends his regards and unfortunately was not able to be here today a little bit about Hope. Hope is one of the largest black and women owned financial institutions in America. We have 35,000 members, but each day our products and services touch about 105,000 people living in the households that we serve. We are based in Jackson, Mississippi, but have five locations here in the Mississippi, Delta and also locations in Arkansas, Tennessee, Louisiana, and Alabama. We are a member of the Federal Home Loan Bank of Dallas. We are a consumer of its programs, whether it's AHP or SNAP or (indistinct) Those are all acronyms I know we can unpack later. And we also do work with the Federal Home Loan Bank of Atlanta. So, appreciate the opportunity to be here today and look forward to the discussion.

Julie Brooks: - Last but not least, I'm Julie Brooks with Mississippi Home Corporation, the Federal Home Loan Grant Program Coordinator. We are the State Housing Finance Agency, like I said, for Mississippi. And our mission is we want to make sure that every Mississippian has safe, decent, and affordable housing. We have the tax credits for the states that many of you are aware of or have used. We have the home funds which help with rehab, charity funds to help with nonprofits for development or rehab tax credits, down payment assistance programs for individuals who are looking to purchase a home. So, we did a little bit of everything. One of the programs that are near and dear to my heart is the HUD housing counseling grant program that we have where we fund housing counseling agencies in the state to provide home buyer education counseling, rental counseling, foreclosure prevention counseling. All of those things are vital to anyone that is wanting to either improve their housing situation or maintain their situation.

LaRhonda Ealey: - Thank you all for sharing what you do and your affiliations. It is quite obvious that we have a broad spectrum of participants who are representing the various areas and facet of housing. We have bankers, CDFIs, funders, those of you who are in community development, housing development, and community development, as well as those who are advocates. So, I think we are well suited for, again, just a very informative conversation. And with that said, I'll start with one of the first questions.

What are some of the housing challenges that you see that are specific to rural areas or rural areas in America in general? And I'll start with David.

David Jackson: - Yeah, probably what I'm going to say, it may echo around the nation, but being in Delta or one of the coolest areas in the nation, the talent to the problem is dealing with home ownership is trying to make it affordable. And that's a broad term, but it is very revel to the work that we do. We need to, and I don't think we want to get into maybe specific at this time, but we going to have to come up with ways to get help people get into homes actually. And somebody going to like push back on me for this, but to help get them to the home before we think they're ready and because we want to wait till credit schools get to 720. We want to wait till they get a certain amount of money in the bank. We want to wait for other people to learn or to have a chance to live and grow. And I think we're going to have to do more to meet them where they are in order to push that dream into their life because it is getting tough. So, it here with poverty being what it is, income being what it is, we just can't continue to wait until they get there. So, we are looking for ways to help along the way.

LaRhonda Ealey: - Thank you. Cynthia, as an advocate, what would you say you hear is the maybe top two or three challenges that individuals face when it comes to obtaining decent and affordable housing?

Cynthia Hines: - So first of all, Mr. Jackson, I could not agree with you more, so let's start there. One of the things that I find that is most intriguing, both when working with individuals who are looking for housing but also trying to understand the housing process. We always talk about education. We want you to be here, we want you to have these things because in reality you do want to set people up for success and not failure.

However, when you're in a community that economically or in a region economically that is not poised to pay literally the types of salaries and incomes that will create that level of success, then we have to do a two-part kind of thought process. If you look at what it costs to pay a mortgage in this community, and you look at rental prices which are growing astronomically across the country, you will find that if a person can pay $900 a month in rent, then if we can put them in a house for $600, somewhere, there's a difference. That's a savings. And if we can get them to understand or get bankers to understand, okay, well look, this is an extra $300, $400 in some case 1100 and 600, $500 savings that we can then put in place for this family. We are really setting them up for success. So, we can't use the age-old model of, yes, you need a 720 and 800 to be in this level of housing. We have to have a discussion not only around education but around what the figures really show, which is, I've saved this much money, but I'm having to expand double what it would cost me to be in a house to be in a rental unit.

LaRhonda Ealey: - Thank you. John, coming from the financial side of things, I'm hearing that Mr. Jackson and David and Cynthia made to agree on the point that sometimes we should consider putting people in the home before they're ready. What do you have a take or thoughts on that being who those individuals would be coming to for a mortgage perhaps?

John Olaimey: - Well, certainly I don't think we should put people in homes until they are ready. Now, being ready, we can debate what being ready really means.

Cynthia Hines: - It looks like.

John Olaimey: There are plenty of people that are ready for a home with a credit score below 720. What we've got to do as an industry really is trying to help people figure out either 1A, how to improve that credit. At Southern we require every employee to have a credit repair discussion with at least 12 people a year and we have 500 employees. So, it's a constant, it's not necessarily education. Most people don't understand how credit scores are actually generated. But if you can have those conversations about, hey, go out there and pull a free credit report and let's find out what's on it and let's see if we can improve that. We want to put people in homes. I think it's more than just the financing piece as well. It's a lack of supply of affordable housing and the economics on that. I think we talked about it at lunch are getting harder. But clearly cash flow is very important if you can find the savings there. One of the big hairy audacious goals at Southern is we want to put a hundred thousand people either in affordable housing or provide affordable housing over the next, we say 10 years. We're three years into this process. So, it's important to us and we want to make sure everybody's got an opportunity to do it.

LaRhonda Ealey: - Thank you. You mentioned the lack of supply, Julie?

Julie Brooks: - Yes.

LaRhonda Ealey: Can you speak to the housing supply stock, or do you have any thoughts on that?

Julie Brooks: - Well, as far as, okay, there's different ways I can look at this. We do have construction lending programs, things like that, that can assist with the development. However, keeping things affordable, that is one of our missions as far as income limits. A lot of our programs for tax credits home programs, they assist individuals or families at 80% of area median income is below. As far as the actual individual person family trying to get affordable housing. I think a lot of it boils down to one education and then knowing the resources that are available to them.

You have different programs out there that can assist the individual with layering as far as down payment assistance. If you have a family who may be utilizing the section eight homeowner rental ship, I'm sorry, the rental voucher that can be converted into a home ownership voucher, which for 20 years that voucher will assist that family up to 15 years with paying for their mortgage. And then if it's a loan that's less than 20 years, then I believe the assistance is 10. But that's designed to help get that family to where at the end of that 10- or 15-year period so they could afford that loan. Other things that you compare with that are the home funds down payment assistance, which we should have come up in the near future AHP funds or the, I believe it's... health funds through Federal Homeland Bank of Dallas. So, it just depends on what's available to that family, especially at 80% of your immediate income. They do have some more opportunities and it's just like they've mentioned saving, not everybody's going to have the perfect credit score. That's a number that can either increase or decrease, but it's getting that education and that information out there because a lot of families have generational ways of learning how my parents spent their money. And it's just getting all that information out there.

LaRhonda Ealey: - Great, thank you. Daniel, as a developer, can you speak to the stock of housing supply in rural areas, I guess as it specifically relates to this particular region?

Daniel Boggs: - Yeah, thank you for the opportunity. With us being Greater Greenville Housing, we do focus a lot on the market and the needs and the demands within not only Greenville but the Delta region as a whole. And we conducted a market study even when David was with rural risk several years ago that said that specifically the Greenville Community could support 2000 new affordable housing units within our region. Not because, and again, I think what we're seeing in rural America as a whole is a substantial decrease in population. We've seen it all around the Mississippi Delta, Arkansas, Louisiana, Delta. People are moving away for better jobs, better opportunities. So, supply is there. It's just the inadequate amount of decent housing that's here.

Specifically in Greenville, Mississippi, 54% of the housing stock was built before 1967, only 6%. We have 16,000 housing units in Greenville, Mississippi, but only 6% has been built since 1995. So even though you do have a large amount of homes that are cheaper, they're older, they have a lot of issues whenever it comes to being functional and being up to code. So even if we can kind of put some people in these homes, and you might even see this John is we try to make it an effort and push to get somebody into a home that they can't afford. But whenever they get in, the repairs are so substantial they can't continue to keep up with those maintenance issues.

And again, I think that's an educational component as well is it's not just being able to make that mortgage payment, but it's also to make sure you understand the importance of going out for your insurance, every couple of years looking for those small signs of leaks to make sure that that house does not fall into further disrepair. But in regard to Greenville, just because the existing housing stocks is considered to be old functionally obsolete and possess several safety issues, there's a huge need in rural America for affordable housing.

LaRhonda Ealey: - Thank you. I want to pivot just a little bit and ask a question about, as it relates to demographics. So earlier in talking to some stakeholders, we learned that in terms of age demographics, in rural areas, particularly here, there's a substantial amount of the population that are of senior age or the elderly community. Cindy, do you have any thoughts on the need or the uniqueness of needs for older populations?

Cindy Holler: - Yes, I think, it's interesting because I was reflecting on something David said a little while ago about patients, right? And in many especially rural areas that, and I'm more familiar quite honestly with North Dakota and South Dakota, which have both of those rural areas have lost so much population to big cities and left behind sort of the senior community that is supposed to be holding up the infrastructure with their hospital systems are moving out. And I would imagine there might be some similarities to the Delta, but not exactly.

So, you're almost in some ways isolating a senior population in a community where the housing stock is failing, okay? Because it's past its useful life. And so how do we kind of provide support for those populations that actually are not able to access transportation to get good healthcare, et cetera. And maybe in a place where the IT systems don't actually let them access the telehealth programs or certainly and maybe they're not even adept enough to be able to access those kinds of programs. So, I think it's a big problem. I would love to say I have tons of solutions for that, but I think, it's a tough one and I wouldn't say that we've been experts at that because most of the experience I've seen in success in senior populations has been in multifamily housing, right?

Where there's more congregate care or seniors taking care of each other in settings of at least 20 units or more. And that's not what I necessarily see in the rural areas that we have. I see a single house in the middle of farmland and what do we do about that? So, I think I'm good at explaining the problem, LaRhonda, but I'm not sure I really gave you a lot of solutions there. So, I will look to the experts to end the sentence.

LaRhonda Ealey: - Well, hopefully as we continue to dialogue the solutions will come to you. And please feel free to turn your tent card as well as everyone else and share those thought and ideas. I want to go to Mala. So also, it is kind of piggybacks off of what you were just saying, there is also, there are these missing connections, right? There are these other infrastructure type needs that people need.

So, Mala, what do you hear from your constituency regarding what they need in terms of economic and community development to better support their housing needs or compliment the support for their housing needs?

Mala Brooks: - I would say starting out just with technical assistance, even going back, the generational piece, you may have a family that lived in public housing for 20 years. So, when you look at that 20 years and now you ready to buy a home, it goes back to Mr. Jackson saying, prepared to become homeowners. First of all, you got to learn how to take care of home. You not used to cut your grass you're not used to paying your insurance. So, the education piece is going to be really important, not more so just telling that person, you should do this. Really finding a program where they're getting used to doing things that homeowners do. The other pieces, again, credit weather worthiness. And the concern with that, I wouldn't say lower the credit standard, but raise the bar for people on how do we put ourselves on a budget. Another piece is sometimes may run into person, they are ready to become a homeowner, but they may have some debt Five or six years ago things have changed. And cause of the job where they're in Mississippi, Delta financially, they just cannot take care of those.

So, if there's a pot of money to help people who become credit worthiness and ready to move forward, help them to help bring their credit up to get rid of some old debt that they picked up. Maybe they were young, doing some things they just to make good decisions on. And I would say another piece is, it's just more like they come to you, to the bank. They're talking to you about buying a home. They having that discussion or that one discussion is not got to be enough. It's really just having hands on programs to help bring people to the level they should be so they can be prepared to become homeowners. And

I think if we have more hands on, more conversation, more programs, I think it would make a difference. And the other pieces, a lot of programs like Mr. (indistinct) have, most citizens don't know anything about it, is relatively new. So, the other piece is awareness, finding ways to make sure that the everyday person who's interested to become a homeowner know about these programs. I think they'll take more advantage of those programs more so than the elected official bringing it out, but they're not reaching the whole community, just certain members.

LaRhonda Ealey: - Thank you for bringing that out in terms of education and information. So, I want to come back to, oh, thank you John.

John Olaimey: - I'm playing by the rules here. (laughing)

LaRhonda Ealey: - Yeah, thank you. Thank you.

John Olaimey: - I just wanted to address one comment you made. I think you're exactly right, which at Southern a lot of times what we say is, the answer is no, it's not no, it's not yet. And we've got to do things to prepare people in a lot of the areas that we are operating in, people have been disenfranchised for years for walking into a financial institution. And so, we recognize that there's got to be intentionality and there's got to be outreach. So, I exactly what you said about it doesn't take one. It's a constant discussion.

LaRhonda Ealey: - And along that vein because we haven't heard from Ed yet, and I want to talk to the money because Mala talked about the pot of money. So, can you speak to efforts that Hope is engaged into efforts that Hope is engaged in to increase knowledge and information and also the challenges that you may run into when it comes to spreading this information?

Ed Sivak - Sure, thanks, LaRhonda. I actually want to speak; we've actually spent a lot of time talking about individuals and I want to focus some of the conversation on the gaps in the system. We're talking about the Federal Home Loan Bank at 100. And if we don't spend some time looking at what role has the Federal Home Loan Bank system played in creating, widening the racial wealth gap, then this will be a missed opportunity. There's probably no set of industries that are more complicit in creating the racial wealth gap than the banking system when we look at housing and home ownership. And so, one of the things I think we need to spend some time looking at is how is the GSE system creating barriers to expanding home ownership, particularly black home ownership. We're in the Delta is the primary demographic here and one of the things that we see, so let's just spend a minute and talk about how we do it at Hope.

So, over the last five years we've closed roughly a thousand mortgages through our affordable housing program. This is a program that we manually underwrite every loan. We don't just stick it into an algorithm, which probably has bias from the start. We manually underwrite it. We look at non-traditional indicators of credit repayment history. We're going to discount student debt. We also know, again, there's disproportionate effects of that on populations of color. We don't require mortgage insurance and we'll take credit as low as 580. And that's really important in rural communities. The CFPB put a report out not too long ago, it was a data spotlight, challenges in rural access. And one of the points they made is that there's differences in rural communities, credit scores are going to be lower.

So as a financial industry, we got to go deeper, and we got to make sure the systems that are around us position us to go deeper. Like I said, we did nearly a thousand of those mortgages that I just described, and we had significant outcomes. Nearly 80% of those loans were to black borrowers. 57% were to women headed households. 89% were first time home buyers. And over that period, the charge off rate was never above 58 basis points. It works. Despite the fact that it works, Fannie Mae, Freddie Mac, and I know this is fed a home loan bank, but we got to get this on the record, they will not buy that mortgage. And so, I really want to push the Federal Home Loan bank system to examine internally what are the systems that issues and that is perpetuating gaps. Later on, well, I'll save some things for later on, but we'll go there. I do want to respond to one of the points that was brought up earlier when we were specifically talking about elderly people living in rural communities. And this is a place that I also think the Federal Home Loan Bank system could examine.

So, the SNAP program is one that can be used to do repairs. And we use this quite a bit with our work with elderly families. One of the things we found is that there have been limits on the use of those funds for foundation and plumbing repairs. And when you're in the Delta, if you can't use that money to make foundation or plumbing repairs, you might as well just not have a program. So, we need to look at ways that we can continue to access those types of things.

LaRhonda Ealey: - Yes, thank you. And also, just to reemphasize to everyone, as you all are talking, if you want, if there's something you would like to add or time in, please turn your card because even though I have these prompts, these prompts are to get us started, the director wants us out here to get your feedback. So really this is your conversation. This is your opportunity to tell us where the holes are, what the needs are, and what the Federal Home Loan Banks are doing well and what they are not doing well. What's missing? This is the information that we really need. Again, Joshua and I are here to direct the conversation, so to speak or guide it and to make sure we stay on time and cover a breath of topics. But again, this is your conversation, this is your dialogue. So, with that said, I turned to Daniel and then Cindy.

Daniel Boggs: - No, it's fine. I just wanted to add to Ed's comments on the SNAP program as an organization that does take advantage of the SNAP funds quite a bit and we actually partner with your bank on assisting elderly and disabled individuals through that program. You're right, the use of the fines is a restriction. It is an inhibitor. And early on, so the past 10 years, we've actually been able to put 270 (30) roofs on elderly or disabled individuals' homes within Washington County. We started out doing foundation repairs, but the limit was so low that whenever you come to foundation, foundation repair, plumbing repairs, we found that those dollars just didn't stretch as far as we needed to. And even we've even had to scale it down. And again, not advocating for higher amounts, but most of the time whenever you look at these roofs, roof repairs that need to be made and the amount of money that's available, most of the time we're keeping it under 12, 1300 square feet. Because with the price of shingles going up, we're kind of limited on who we can serve with these funds because of those restrictions.

Joshua Stallings: - Also, if you were advocating for higher amounts, you could say that's okay.

Daniel Boggs: - Well I'm advocating for higher amounts because what we're seeing in the past year and a half is construction costs have gone up 40%. Again, material costs are pushing 24, 27% and labor costs have gone up as well. Whenever you start talking about the higher wages, I have seen a good effort from some of these contractors that are trying to pay higher wages, but again, it kind of trickles down to affecting the overall cost of construction and being able to help these individuals.

LaRhonda Ealey: - Cindy.

Cindy Holler: -Yeah, I think I'm going to speak as one of, I think it's 65 CDFIs that are part
of the Federal Home Loan Bank system.

LaRhonda Ealey: - Please do.

Cindy Holler: - And when we joined, we were the second CDFI to join. Maybe Southern was first, I don't remember, but so it's been a journey and we made a decision among CDFIs that was better to be inside the Federal Home Loan Bank system because we would have more influence rather than being out on the outside with placards trying to tell you what to do in communities. And it's been a journey. I think we've had some real impact on some of the things that the Federal Home Loan Bank system does. Back in January of 2020, we brought the board of governors from all, from every single district together in Chicago. Don't ask me why we were in Chicago in January, we should have been in the Delta, but there we were. COVID unfortunately hit right after that. But there were two days of really, really good innovative thinking that came out of that, largely because there was a lot of folks within the Federal Home Loan Bank system didn't really understand CDFIs and a whole list of probably 25 different big ideas where credit officers were sitting down on both sides to kind of come up with new ideas came out of that. And I'm happy to share that it's public information. But then COVID hit, and we all went back right to our places and one of the things that I learned during that process was the ignorance both sides have of each other, but also learned that frankly, CDFIs are still treated very differently within the Federal Home Loan Bank system than the regular member banks.

Our haircuts on our draws are much higher than major banks. We are treated very differently than the depository institutions. So, if I'm supposed to be the intermediary between big capital and what's happening in the Delta, I can't start off with an unfair advantage in terms of my borrowing from you. And that's really what the, if you look at the amount of equity, I have to post versus JP Morgan Chase or Wells Fargo, it's much greater. And yet our credit losses are nil. So, getting people to see, I think something that Ed said that we are able to do what we are doing without losses because we're patient. And we're creative.

Last thing I'll say on this point is that simple is better. Where I've seen major, the GSCs in general play, the most interesting role is where they create some kind of pot of money, and they don't put a lot of regulations around it, and they let the CDFIs figure out how to get it into the communities that they serve. The affordable housing industry has got to be the most convoluted, complicated system I've ever seen. And what you're doing is draining off a lot of equity that should be going to people by a lot of regulation. So, whatever you, we start thinking about together in terms of how to do reform, I would really encourage, especially in a place like the Delta that be simple, don't say, okay, well you can do footings in the foundation, but you can't do the plumbing. That kind of complication is going to prevent doing the large-scale community development that we need to get done.

LaRhonda Ealey: - Julie, I see your card, but if you don't mind, I would like to hear from Calvin first and then I'll come back to you and then Ed.

Calvin King: - Okay, great. Thank you. My apology also fails your favor disclosure, I am on the Advisory Committee with Federal Home Loan Bank. Most of you probably already know that. Some of you do. The other thing I want to get reference to in challenging in dealing with housing, affordable housing for the elderly, with the disenfranchised communities, particularly with the African American communities, you will find that the older homes and that elderly population, a lot of times faced with their property situation, you're talking about next generation, a third-generation housing where individual residents may be living. So that's also a challenge within itself, to deal with that. And you have an automatic ineligibility as far as being able to access the financing either for a rehabilitation or even to do a tear down and a rebuild on that existing property. So, their property, it is an issue, a third generation out next generation type of wealth. And then where that, how that wealth is actually liking with the minority population, and particularly I can speak from the African American perspective.

The other is the issue regarding, I know we talk about credit a lot, from the credit perspective and credit score, but also, it's income to that ratio itself as far as where the income levels are continued inflation and the costs of living and things that continue to go up. Everything as far as household bills are concerned, utility bills and other food expenses. Then the income to debt ratio has continued to move where it is to the disadvantage as far as those individuals that are, again, the low to moderate income individuals. So, you also have that as a challenge in dealing with the affordable housing issue.

You look at USDA rule development, affordable housing on the, I think the maximum limit for a home right now is roughly $368,000 as far as the maximum lending level. But when you look at the eligible income level for one, two, or three individuals based on that maximum limit, you cannot show the income to debt ratio are the ability to pay that type of note on this supposedly affordable house at $368,000. So, you end up having, where you have little to no lending that's taking place on the rule side with direct loans, with rule development. And then you have the population that is seeking alternative type of financing, the same disenfranchised community as far as ownership is concerned, but they're seeking financing from the CDFIs as preferred lenders to use the guarantee program. And then they have the same challenge. They know and realize the affordability income to debt ratio, even with what you may possibly could be approved for based on credit score, but income to debt ratio would not create the ability to make that loan. So, you have those type of challenges. And the only way to do that, the only way to do that and those type of cases would to be to look at some type of equity buy up is do it with the equity buy up and maybe utilizing Federal Home Loan Bank resources more in that manner of the Federal Home Loan Bank. Look at that as a means to deal with when the present language is about equity and equality to deal with both the equality and to establish equity affordability as far as affordable housing is concerned, equity on one hand and increase more of an equality equal playing field as far as accessibility for the resources to really deal with an address affordable housing.

LaRhonda Ealey: - Thank you. Julie.

Julie Brooks: - So I wanted to touch back on the elderly housing for the elderly. You have a whole generation that was raised, if it “ain't broke”, don't fix it. And so, what ends up happening is that a lot of times people tend to overlook small problems until they become a larger problem. And if there's a way that we, and it's not a perfect system, but if there's a way that you can educate people to, if it's a small problem, let's fix it now before it becomes a larger problem. And what ends up happening when we get calls or emails for people that need help with repairs or there's only so much that you can do and it's a matter of trying to possibly layer certain things because one household where they may have one issue, chances are they have multiple issues that need to be addressed. If a person is able to apply for weatherization funds, they're not going to help that family until the roof is fixed if there's a leak in the roof.

So how do you fix the roof, use the SNAP programs. As Mr. Boggs said that if there's a limit, do they have homeowners’ insurance? A lot of families give that up because you have to rob Peter to pay Paul, do I pay my medicines, or do I keep my monthly mortgage insurance? So, there's taking the approach of finding out what's available to families with the USDA and whether station and how they can make it all work. So, education.

LaRhonda Ealey: So, Ed, then Cindy.

Ed Sivak: - Thank you. I just want to build on the point that Cindy made earlier about the disparate treatment of financial institutions, member institutions of the Federal Home Loan Bank. I actually think as part of this a hundred-year review that the banking system should look at the extent to which there are disparate practices being used and what are the outcomes. So, we as a CDFI member, we do take a more significant haircut on the advances. We also have significantly higher transaction costs. We don't have the blanket liens available to us as well. We are a black owned financial institution. And so, I wonder across the system, what does it look like?

Is that typical for black owned financial institutions to have higher transaction costs and more onerous collateral requirements? I would, and I wonder if the incentives are aligned. These would be described as risk mitigation tools. I would say what happens if we flip the script and give less onerous collateral requirements, less lower transaction costs to the financial institutions which have the higher rates of lending to black borrowers. And these data are all public, the data are accessible. And so, it would not be hard to look at these more onerous costs that at least are being imposed on Hope Credit Union institution that reported 80% of its mortgage loans to black borrowers in the last cycle.

Or is this something that is a one off? And so again, I just, I bring that up because the grant programs are important. They serve a point, but the reality is those are just, they're based on a percentage of the net income of the bank. If we're really talking about reforming the system and using it to narrow the racial wealth gap, we need to look at how the balance sheet is deployed and how it is being deployed equitably.

LaRhonda Ealey: - Thank you. Cynthia, then will go to John.

Cynthia Hines: - Wow, so much. So, I'm going to say both from having worked with senior and also having worked with young borrowers as an advocate to make sure that they had education, understood that there were programs out there that they could use, helped them to kind of walk through those programs. There is a level of frustration, yes, we do need education pieces, but even from that perspective, how do we do it in such a manner that we do not rob people of their integrity or their pride as they come into institutions? And yes, you can say not yet, and I'm absolutely a not yet person because hey, here's what I need you to do. We're still going to need this paperwork, you need to finalize this, and we have to show this. But if we cannot do it in a manner and that's collectively, whether it's someone who comes to me and says, "Hey, how can we work this out? Or how can working with a nonprofit, can we work this out? How can we educate people to understand the fundamentals? How can we do that?" Because what happens is you're right, there's this huge racial wealth gap built on housing, right?

But why? And how do we go back and repair that? What will it take to say in a community where very few people understand how the system works, who are non-banked, how do we do that? How do we draw them in? How do we make sure that they have the ability to come to the table with the knowledge minus the acronyms cause we're all guilty of it and say, this is what you'll need, this is what this means, this is what you're facing?

So, you'll have people who may make the money. And I'm going to tell you what COVID because people mention COVID. What COVID has done for a lot of young people is that they've helped them understand their value because they will no longer look for a local job. They will go remote, and they are making more money, but we are not seeing them because they're not out in public. And so how do we get that conversation to a remote employee? Hey, there are some things you can do to make a difference because workforce development matters in this discussion as well. How do we do that?

How do we educate people where they are because their circumstances are trained in yes people are leaving, but there are some young people who are staying but we don't see them. Because they are working from home. And so literally when do we see them when they show up in Walmart? And because banking now can be done, I don't have to walk into the institution, I don't have to write a check. I can simply go online, move some money around. There are some things that we are missing when we're talking about boots on the ground conversations and an individualized assessment. So, this is the delta. I have lived all over the country. I have never ever seen foundation problems like I have seen here.

Unknown Speaker: - That is true.

Cynthia Hines: - So, when I talked to somebody at Dallas as opposed to somebody in Chicago or New York, then I need an individualized assessment as a homeowner because the issues that you are facing in Chicago may be weatherization, New York, it's weatherization, some other places, but down here it's weatherization sometimes like this weekend. But by and large it's the shift because we're right here. We're right here. And so, while the land banks are saying, oh, we're all the same, we aren't all the same. And it really has to be based on what's important for the area that is being served as opposed to one size fits all.

LaRhonda Ealey: - Thank you. John and then Mala.

John Olaimey - Yeah, no, I think you're right on the trick is there, how do you scale that? And obviously there are tools that you can do that with today. Broadband is another issue in some of the areas. But clearly customization has got to be the key first. I want to go back to something that Dr. King said, and I'll throw out an idea that probably needs legislative administrative and everybody else on board. But if you really want to move the needle on affordable housing and call it low income because debt coverage ratio really drives everything from the financing side.

Could we create an advance of some sort at the Federal Home Loan Bank that's 0% interest if it's being utilized to purchase a home of pick the dollar amount, 150,000, whatever the number is. And that could incentivize more banks to get involved because at Southern, one of the things that we did was really, really got focused on our employee base and we offered every single employee that had worked there for at least one year, a 1% home loan and then we put the debt on a 20-year amortization or less. So, people are knocking the debt down faster because they don't have the interest carry associated with. So, I don't know if that's a possible or something, but the more we can do that, we're going to, I like what Ed said, let's come up with something that really moves the needle here and that could really have
a substantial impact on ability to pay.

LaRhonda Ealey: - Thanks.

Unknown Speaker: - I agree.

LaRhonda Ealey: - And before we leave here, we hope we get some of those specifics on what we need to do to move the needle. Mala.

Mala Brooks- just going back to Ms. Hines, we try to identify locations where we can reach the people. I think we have to think long term. I think we need to start looking in our high schools where students must be required to take some type of financial literacy program and help lead them into housing. I mean that conversation start very early even for college graduates. When I attended all Alcorn State University, we took a class called Adjustment to University Life and it was about whatever they want us to know about the university, what same difference.

I think universities should have a class for students to talk about financial literacy. Should they school, not their high school, teach it to them, but also about housing, what do you plan on doing in the future if you plan on being a homeowner, whatever, that training can start at an early age versus you get out in the real world and you're renting and what do I do next? Because I maxed out all my credit cards and I'm lost. So, I think it has to start very early if we going to change the dynamics of our communities. And even with, I would say middle, upper age people. I think if we go into the churches, even non-municipality, where we start identifying people in our communities that has a direct connection with people in their community. They know their community and then you can reach out and start talking to them, okay, 50-years-old, I'm still living apartment, but guess what, I really do want to purchase a home, but I can go down to City of Indianola. They have a program there where they can help reach with, get with me to, I guess navigate me through the process to get where I can become credit ready to be able to purchase a home.

But it's more so just having people direct in your community who has a personal relationship with the people in their community to assist them, to get them to the next level to become homeowners.

- **LaRhonda Ealey:** Okay. Calvin?

Calvin King: - Oh, this is back to the SNAP program. I have heard the same thing over and over again. It seemed like possibly there, there are some replicating approaches policy, administrative processes as to how rehab is being done on homes. When you look at the Community Action Agency under that weatherization program, grant program, and when you look at rule development under its grant rehab program, one, if you have a leaking roof, then we can't do anything inside of the house or things of that nature. So, you have this duplication, I think it would be in the interest of particular Federal Home Loan Bank financing under SNAP program. Then let the SNAP money be one that can be used to do the roof and show where it's going to leverage then the community action dollars on the grant program. So, because they normally, if they're qualifying for that, particularly under the Rule Development Grant Program, as well as under the Community Action Agency, which is basically Health and Human Services, where their funding come from, we may be able to achieve more. So not that the same policy or same requirement exists. Federal Home Loan Bank is the same as what (indistinct) agency is. (indistinct) is the same as what rural development is. What if you have a leaking roof, but we can't do anything on electrical, we can't do anything on your flooring, on your foundation. So, it would appear to me then Federal Home Loan Bank, understaffed could be the program that leverage it or get everything else executed. To start with that not being just like those others are, which is totally it's a barrier stopper automatically with all three, all four the programs.

LaRhonda Ealey: - Thank you, Mr. Your card was termed, but then you switched it back.

David Jackson: - It was because you made the statement that, okay, we're going to talk about solutions later because I wanted to talk about some solutions. (all laughing)

LaRhonda Ealey: - Oh, I'm sorry. Well, that was specific, but if you have the solutions now, we are ready for them. So please, we do not have to wait.

David Jackson: - Well, and it is more regulatory, but it is solution based to me. Every time I get into a housing program, look at the applications and what have you, this is for rental home ownership alike. This is for HUD, this is for all Federal Home Loan bank, it doesn't matter. USDA, we throw out these percentages. 4%, 6%, 80%. It gave no place to place 40% of $50,000. What I said 80% of $50,000 for what? Give me a subdivision, Madison, is well, $40,000. You come here in Sunflower County, and you say 80% then of $30,000, you have 24,000. But I am asked to participate in the same program with half the income.

David Jackson: - Let me make this a little clear. We use 6% of the area income, area income, 80% of the area of income for most of our program. And if you don't go with the lower income, you don't score enough. You can't get in. Because the bar is based on a percentage of the area income.

Unknown Speaker: - I'm sorry.

David Jackson: - Sorry, we'll do that better. The bar is based on a percentage of the area income. Now, if we apply that percentage consistently across the state of Mississippi, the people in the MSA area would get funded and it'll mean something. Those in the heart of Sunflower County, Mississippi going to get crumbs compared. You see what I'm saying? It's that if we going to apply, I think if we need to make some exceptions, we need to have some waivers. Is that if we want to really impact what's going on here, that these programs going to have to say, we going to serve up to 80% of the area income and we're going to give you this kind of a score, on your application.

If you are in Sunflower County, it's you in la Florida County, Washington County. And that happening and I don't know, but to me it makes sense because if I'm making a hundred thousand dollars in Madison and making $40,000 here in Sunflower County, I'm going to get left out on those percentages. What somebody used to say a hundred percent of nothing is still nothing. So, I think we're going to have to start revisiting that in term of policy is saying that I watched tax credit, they are all moving to MSA areas basically because the area of medium income tend to be what that large city is. So, you can say

60% of the area of medium income can live here and we can still charge $1,600 a month rent, it billing material caused the same thing in Sunflower County. The people really will get paid the same thing in Sunflower County. But when I do my numbers, I need to be able to move those up to 80% and it can't happen because my application won't score. I'm trying to serve a higher income population percentage wise, but not dollar wise. They still low, very low-income folks.

LaRhonda Ealey: - Thank you. Daniel, then will go to Cindy.

Daniel Boggs: - Yeah, so much to comment on. But I agree with you. Going back to you, Ms. Hines. I express that everywhere I go is you can't have cookie carded policies. The issues that we have in the Mississippi Delta are not the issues that you have in Chicago, or you should report Louisiana. I think you do have to have the flexibility to adjust with what the community needs. And going back to your comment, Dr. Calvin is, we do partner with another organization and again, we've seen the impacts of that program greatly increase because of that. But we partner with WSCA in Washington County, and I even said this to Julie earlier, is with the AHP program, we come in there, we actually rehab and fix the roof and then they come back behind us and do weatherization. So, we are able to actually make more repairs to that house and more impactful changes to that family with those partnering, whenever we are able to partner with other organizations. And David again kind of hit the nail on the head as well, and we've been dancing around the issue, and David, I believe you and Ed were both in a roundtable discussion we had a few years ago with Fannie Mae and Freddie Mac.

The issue that we have as capital in injection of capital, and that's something that we're all dealing with, is the cost of construction versus what you're getting out of it. In rental rates. Statistics have shown that to build a very modest house in rural America. Again, this isn't Greenville, this is rural America. Nationwide is $185,000. But the median home value in rural America is 72,000. Looking at statistics and we run numbers all the time because we're consistently building, you're losing 60 cents on the dollar. So, injection of capital and injection of subsidy is really the only way to make anything happen. Whether it be rental, home ownership, new development, substantial rehabilitation, a substantial amount of capital up front is the only way to kind of move the needle, to be quite honest with you.

Cindy Holler: - I'm going to make an attempt to try to tie everybody's comments together. Let's see how I do. Because there's a lot of good, of good things said, okay, let's be clear that affordable housing is not community development. And I think many of us came to this work because we want to change our communities. Affordable housing is a big part of that, but it isn't the only piece of it. And if you're going to concentrate a whole bunch of poor people into one place, because that's the only place way you get subsidy, you're probably going to fail. Because trying to change the economics of our communities. So, I would just encourage us, because I think you're hearing a lot about programs, et cetera, et cetera. One of the things that we need, Because Federal Home Loan Bank System is wholesale, right? Big money trying to get it out into communities. People around this table are retail, my organization probably yours too.

Maybe yours is kind of intermediary between that. But our customers and some of our CDFIs need equity capital to do what they do, so that they can reach down to homeowners. And I think there's an opportunity to look at the AHP program as an equity program for CDFIs and for not for profits as opposed to direct. So, they can start to experiment with pots of money. We cannot, I think Cynthia said it, Shreveport is not, Chicago is not the Gulf there. We have very, very different markets and you've going to trust the institutions that are very local to be able to design the programs to get that out. If you try to do it, but the Federal Home Loan Bank System, you're probably going to fail. Because you're too big and you have to standardize. So, it would be a different way of thinking, I would say in your a hundred years to put in your mind.

Joshua Stallings: - Cindy's from follow up there, when you're saying that affordable housing is not community development, what do you mean community development is?

Cindy Holler: - Well I think that com communities have should healthy communities have a whole range of incomes in it. And they have houses of worship, they have businesses, they have lots of things besides just affordable housing. And I think what David was really trying to say is, look, if you gimme a pot of money and all I can do is help people that are at 40% of $30,000, how do I develop my whole community like that? I can help maybe 10 people in my community, but I can't really bring back economic life and bring it back into the whole community. And there might be some folks on this, in this group that disagree with me, but we're either doing, thinking about the whole thing holistically or we're thinking about a piece of it. They're not the same thing. Affordable housing in my mind is a tool for good, a critical tool for good community development.

Calvin Jackson: - I'm going to have to somewhat disagree with you. I do think that affordable housing is definitely a driving force behind community that kind of development. One, it brings into play during that time period, although it's not long term, but on the intermediate short-term basis, some job creation opportunity, it's also connecting, it connects back into other aspects of, it could be either job retention, other job creation based on the supplies that's required to deal with that development. The other thing is that we all know that whenever you start to talk about community academic development, even from a job creation perspective or industry, from an industry business standpoint, one of the first things the industry business look at is how recently has there been any new development as it relates to housing in the area? One, look, the education system will look at availability of housing and then construction, new construction within a certain time period.

Of course, that is that those are indicators as well, as relates to the economics within that particular area, stability of those economics. And what I'm saying is that it'll definitely, it is definitely one of those factors that fit within the context of community economic development, housing except lack of availability of the housing. Then, that's definitely a high signal, our driving force behind out migration as well. And of course, our migration, lack of available workforce, definitely not going have business growth, business development for a particular area. And I just want to say we should say we need; we do need know, I think the equity is a supporting factor for equality and disenfranchised areas and community, be it if you are African American minority community, but disenfranchised population of segments of our population and our communities within this nation, particularly the Delta region. So, it has not been an equal playing field. And it's still not an equal playing field.

Now, when you look at capital investment for air, you look at opportunity zones of where opportunity zones exist now in the Delta region, the more disenfranchised say, and this was legislation itself and the decision that was made at the state level, not at the national level, not as the empowerment zone or enterprise communities were done from the national perspective, but this from the state standpoint. So those opportunity zones that were designed by legislation to be a driving force behind economic growth and development within those disenfranchised communities, both for CDFIs and for traditional banks, are providing for certain revenue or tax credits. And I know you all know more about that as that legislation was passed, but when you look at my county, for instance, one of the poorest counties in the country does not have an opportunity zone.

Now the county that I work from, one of the poorest counties in the region does not have an opportunity zone of, so, then that has to do with, again, has the playing field been equal? Are we employing and putting in place policy of those things that have become policy or legislation that has one intent in itself, but it is not necessarily addressing the intent based on where you have the highest volume of that population that exists right now.

On the elderly population side, we need, and please keep in mind, that with the elderly population, again, income to debt ratio, inflation rates of what's occurring now, the elderly population have set income. And when you start to talk about income to debt ratio and determining factor of whether it's going to be a loan for renovation, combination of loan grant rehab, whichever, if you use that as a determining fact that in a lot of cases, even credit scores as well, then you saying you're not going to meet the eligibility requirements, you aren't going to get access to the resources that's actually needed to deal with this issue as it relates to affordable housing as it as it relates to dealing with poor housing conditions in this part of the country or in the Delta region. I mean, that's reality people.

And again, check the status, look at opportunity zone, look at what opportunity zones are, what's the driving force, what's the driving factors, should there be other types of legislation or policy not to counter that the boss at least leverages it, our practices that are put in place that creates that equity driving force for equality from the Federal Home Loan Bank perspective.

- **LaRhonda Ealey:** Thank you. That's a great segue and almost answer to another question. I was about to direct to Ed who already has this card turned. So please do not lose the thought that you already have. But I wanted to talk about factors that are preventing the Federal Home Loan Banks from playing a larger role. So, we've talked about the collateral impediment, that CDFIs experience, and I was going to ask about conflicting requirements between federal and state programs. And Calvin has touched on that. Do you have any, can you add to that, and particularly as it relates to administrative or other bureaucratic challenges in addition to whatever else is on your brain?

Ed Sivak: - Sure, no, thank you. So, one of the things that I wanted to build on the points that Dr. King brought up was doing an examination of just the grant programs in encouraging the bank to include some type of racial equity screen and how the programs are being used. So, let's use the AHP program that is often used by low-income housing tax credit developers. So, we know in Mississippi in 2021 of the 11 of the 25 applicants to receive credits in Mississippi, not a single housing developer was a black developer. And this happens every year. Now some of that is because the process advantages developers that have received credits in the past that may already have existing relationships. The reality is, particularly in rural communities, the AHP program is critical to building Litech developments. I would challenge the bank to take a more active role in pushing the state housing finance agencies to use these programs to use its programs to build up more developers of color. If we don't have developers of color who are participating in this program, but yet the Federal Home Loan Bank programs are being used, then the system could use its leverage to really work in partnership in places where there are gaps. So that's an example of a place where I believe the bank could do more to partner with the state housing finance agencies to build wealth in the black community.

LaRhonda Ealey: - Thank you. John.

John Olaimey: - Real quick, I'm going to go back to, I think I agree with a lot of what you said, but I'm not exactly sure it addressed what you were saying. It might be easier rather than by city county, however that area income is defined today maybe have a state level area income, so, use the highest lowest if you will, so that more benefit will flow into some of the other, I think that's what you were trying to say, okay. I agree with Ed with what he said there. I mean, it's you, how you spend your money matters. And having an intentional focus on that really matters. So, we are fortunate that we're both a bank, say we're fortunate, we are both a bank and we have a loan fund. So, we have two separate relationships with the Federal Home Loan bank and the relationship's invaluable. The funding that you provide obviously is a bellwether to what we're trying to achieve. So, I applaud that piece of it. From the loan funds perspective, I agree, they don't have the same flexibility to be able to do, and then they're not regulated in the same way that the bank is. So, they're allowed to be much more creative in how they achieve their goals.

LaRhonda Ealey: - Cindy and then—

Cindy Holler: - Yeah, and just to add to that, I think David was talking about place and getting money into a place, right? And that's where I think we would all agree. We need the flexibility to invest in a place, and that's where our intermediaries are not for profits are so important. We actually just started a **bipoc** developers fund for about, found a big private foundation that wanted to put in about 34 million and were at 0%. We blended up with other foundation money and only lend to places where there is an institution led by a person of color or a board of directors of color. And because we believe that's really, really critical. So, I guess to clarify what we're all kind of talking at the edges, it's about being able to say how do we prioritize a place and be able to get capital into a place with an institution that's led by a person of color that will understand it. And that should be fundamental to whatever the Federal Home, one big system comes up, what we think.

Joshua Stallings: - Calvin, then we're going to go to a break.

Calvin Jackson: - I know what you were saying as far as African American developers, I guess that's probably all the way across the Delta region. You really do not have many, in some case not zero African American developers that's in that playing field. We have done some and trust me, it's very, very challenging from that perspective. Now, and don't get me wrong, you'll also find in the Delta particular in Arkansas, there's a minimum. It's like you have this club of those who are the primary developers within the state. And you probably have the same in Mississippi too.

It's like these are the primary players for syndication and type credit develop developments in Arkansas and probably in Mississippi. And in certain cases, you'll find where they're out state that come then because they're big players as well, that can do the same. So, it would require, in order to put some fusion to that, it takes a lot policy wise otherwise. I want to say this from an equity perspective. I was in a meeting, and I was listening and apparently the discussion was taking place in Washington DC, both with Federal Home Loan Bank representatives being there along with other institution, the financial institution and Fannie Mae and Fred Mike as well about the equity and equality of perspective. That being, that is a point of discussion that is an interest on the part of Federal Home Loan Bank, as I understand it now, fund both the discussions that will possibly leading into legislative actions. Am I right? Possibly.

Joshua Stallings: - I cannot confirm nor give, I had that disclaimer I read earlier, as you recall.

Calvin Jackson: - Well, but you're right. I apologize. I really should not have even that wasn't fair. It's right. Yeah, that's so, I apologize for that. I can't say that even based on where I am. So y'all just disregard that statement. Strike it up the record. But I'm just going to use this as an example as it relates to HUD financing in Arkansas and then the policy maker procedures as it normally goes. When you have the entitlement dollars that comes in, both from the home perspective, you be dealing with housing, our Development, Finance Authority, the commission, AEDC, our Development Commission, and of course our team development corporation. These are big empowerment dollar receiver cabinet point departments in Arkansas.

Same thing existed in Mississippi as well. Those flow points. And one time they had to call home dollars, which was an equity building tool you all probably had in Mississippi. You could rebuild, take an older house down looking at the elderly population, clear child, and ownership, build a new home, build a new home, and 50% of those dollars, depending upon how the state dealt with their policy and their regulation, 50% of those dollars would be after the compliance period comes up, but it created affordability. Now of course, we all know that does not exist anymore. Not in Arkansas. Do y'all have it in Mississippi now?

Unknown Speaker: - We do.

Calvin Jackson: - If so, okay, well I need to come to Mississippi, do some work, but that was a good program. We're not doing it in Arkansas. Now, driving force behind that seen there been the opportunity zones and more bigger bang for your bucks with the home dollars going toward what other cash, credit syndication developments would take place. It may where the majority of money is going now with the home program dollars in Mississippi also. But anyway, that was an equity building program, something sort of model as such, I guess is what I'm looking for. Model as such, posture from fellow Home Loan Bank perspectives policy wise, and how it can be an infusion for CDFIs and the banks to do more housing development, that's all.

Joshua Stallings: - And Daniel if you can get it under one minute.

Daniel Boggs: - Oh, I'm going to keep it under one minute. I just want to make a comment for the record, whenever we talk about inequality, and again, I'm going to a state this and I've said it numerous times, is the Delta communities are 80, 83% African American. The success of our region depends upon the African American community. I mean, we really need to empower them to have more opportunities and I am familiar with the Litech Program and who the players are in the games. I will say that that's a mission of our organization is to try to contract with minority and women on businesses. The last major development that we had, we actually had 13.2% of the total grant funds go to women or minor owned businesses. But the problem that we had, and again, I don't know if this is a policy issue, just kind of a rhetoric question out there for everybody to think about. What we come to find is for some of these larger projects, smaller projects, we have absolutely no issues. But some of the larger projects is bonding capacity. Yes, for some of the African American contractors, they are unable to take on these larger projects because they do not have an ability to be bonded at the higher amount. We have even tried to phase it out for them and actually do 20% at a time and draw down that money in accordance to that way to get them on the job, to get them on the project. But bonding capacity has been a huge issue for us whenever it comes to women or minority owned contractors.

LaRhonda Ealey: - Thank you.

Calvin King: - Just for the record now. - Daniel, you're talking about from the director's perspective, not from the develop perspective. That's what bonding.

Daniel Boggs: - From the development perspective.

John Olaimey: - Yeah, from the financing perspective for sure. Yeah, from the financing perspective as well. Yeah, sorry.

Joshua Stallings: - Okay. And we are going to go to a break. We will come back in 20 minutes to continue the conversation. So, let's call it 2:50 as our start time as we'll come back. Thank you all for your comments so far.

Joshua Stallings: -Thank you all and welcome back to the second half of our event today. We're just going to jump right back in since I think we were having some pretty good discussion before we left. So LaRhonda, right back to you.

LaRhonda Ealey: Thank you. So yes, before we left, we had gotten into discussions as it relates to equity, and we want to put a pin in there and stay there for a moment. But before we get into the specifics of the federal home loan banks and how they're doing and have been doing on the equity front and what they could do better, I want to turn to the community advocates at the table, Mala, and Cynthia, in the earlier part of our discussion, I heard the terms non-bank or underbanked, I also heard financial literacy. So could you, and I'll start with Cynthia, speak to some of the racial disparities that are prevalent in the Delta and then after Cynthia Mall, I'm going to an ask that you provide some insights on that as well.

Cynthia Hines: - So I'm going to take something that Ed said and walk it back. So, the bank created a system, the veterans programs created an opportunity for people coming back from war who had served their country, and I'll use them as an example to get homes. And from those homes developed from the purchase of those homes through those programs, developed a middle class. And that middle class is now able to provide for their children these loans and homes because they built equity in that particular program. Soldiers who came back who were racial minorities did not get that treatment. And so, unless you had other means, which was rare, you really couldn't do that. You couldn't build a home, you couldn't use that home to jumpstart businesses, to jumpstart other things in terms of community development and community development and relationships. So, what we have now is a system where people have been locked out that even if we began to talk about financial literacy and I just mentioned, one of the key things in financial literacy that we always tell people is, oh, you need to save 10% of what you earn. That's sort of the benchmark of what you should do. The reality is if you're making

$7.25, to $8.00 and your rent is $900 a month, you may have to pay daycare, you need to eat.
That's always important. Utilities, you're not going to make it. You're not going to make it. And so, the choices you make become very complicated. You cannot think about how I can move from housing assistance to my own home if the three-legged stool I'm sitting on really only has one leg and that leg is wobbly. So, I'm literally kind of like a one will, unicycle trying to just stay up.

We have to understand that the creation of wealth in this country was very intentional, and it bypassed collectively large groups of people It didn't just by minorities certainly, but there were people who didn't have economic means. I mean this country literally started out as you had to be a landowner and male. So, what we have to do is rethink how we create systems are using systems that we have in place not to give, but to develop, not to throw away, but to rethink how we regulate to build communities. If the ship goes down, we all go down. We don't go down alone. So rising tides raises all boats. We are struggling.

Daniel said it, if we do not in a region where the majority of the individuals who live here are minority citizens as defined by whatever senses, then we do not have an opportunity to be successful I've done economic development in a past life. Here's what I know when I look at a business plan is I'm looking for some certain things. Will this ideal sell? What is your financing basis here? Who are you trying to reach? What are your management practice? All of these things that we ask people. But I don't even know where to begin with that. If because when people come to me now and say in the Delta,

"Oh, I want to open a restaurant." I'm like, what other skills do you have? Not because I don't believe they can cook, but because everybody cooks, right? And so, you've going to a have something that's different. If you're coming to the delta and you say, "I want to make Thai food," you have a chance, there's a chance you might be able to pull that off. But you can't come here and say, "Hey, I'm going to open a soul food restaurant. You know why?" Okay, I don't even need to tell you because there's so many, and this is when we talk about equity and understanding, we have to put the two of those together. There is a divide. But I think that divide can be changed if we are intentional both in a regulatory sense, in a policy sense, but also in the sense of understanding that if the boat rises, we all rise.

LaRhonda Ealey: - Thank you. Mala.

Mala Brooks: Yes, I would say that I'm speaking for the Mississippi Delta, because when you think about Mississippi, you have really three parts of the state. You have the coast; you have Madison and DeSoto County and you have the Delta. When it comes to equity, I would say 30% of the people here have no knowledge to what equity is. We have a system where people bank with pawn shops, they bank with convenience stores, they have a system where the money goes to a card, they never go to a bank. So that's the first piece we have to start educating our people on banking with a bank because it's almost unheard of. Then we have a situation where people may live in public housing the next 20 years of their life and guess what, when they make it to section eight, they think they have arrived. That is a real concern. That's the norm here in the Mississippi, Delta. So, when I said the sense of equity is almost unheard of and then going back to our percentage of people, we are looking about 35 to 40% of the people here. This is the norm; this is how we live. So, the concern is some real education. When I was talking about just the discussions, it has to start at a really, really early age. And I just start a minimum in high school because if you are at home and this is what you see home, this the norm from my home, it's going to be hard to change. So, it must be a lifestyle, a lifestyle change on how do we become homeowners? And that should be the number one goal because if getting on section eight is, I have arrived because you have some people who will live on section eight the next 20 years of their life and then they'll try to get their children on section eight versus ever becoming a homeowner. So that is the biggest piece on, we say equity.

They have no knowledge to what you're talking about. Now you have a working class, now I've graduated from college, what do I do next? And you may make a lot of bad decisions along the way, but that's why I went back to college and high school is going to be so important. If we going to change the mindset of our community, it has to start early. I think the opportunities are here with equity because now we do see more home ownership with my generation, young people, they're working, they're educated, they're moving to home buying more homes. But it's a large number of people that's left out. But then we run into situations where you may get a home loan and it's a bad loan. I ran into a friend, she got a home during the time when they had the housing divide, that situation, she paid on a loan for 50, it was a second loan, $50,000. And I think she probably paid for it like three or four times. And I said, listen, just pay it off. Get a loan and pay it off from a traditional bank. So, you won't get caught up in that situation because if you continue to go, you'll still be paying off the $50,000. I mean, it is never an ending part. So, we got so many pieces that has fallen down into our communities and lot of it's just lack of knowledge because I'm a first-time home buyer because no one educated me on this and I'm just trying to do the right thing and I don't want to live the way I did when I was a kid. I'm in a very poor community and I want the best for my child. And a lot of times we do make bad decisions only because of lack of knowledge. So, education is going to be really, really key in our communities.

LaRhonda Ealey: - Thank you. Dr. King, then, Julie. Yes sir.

Calvin King: - I want to say this, this is back to the playing field itself and creating, and it wouldn't even be an equal playing field, but what history itself has taught us and what has institutionalized this page and where we are now. Even look at the Civil Rights Movement, Civil Rights Movement, African American population and what became public housing created was a part of a segregating structure, a process of dealing with segregation, maintaining segregation in more urban areas. And you'll find that as being a part of history and all the same times where equity existed and where there were African

American communities during that era and that time period, those particular communities. And that where that equity existed, then there was even the domain as a part of that whole industrialization of the nation in itself, that really totally took out the equity that was only by one means. These are more urban population areas. You look at Chicago and other areas of this country and where this took place from the African American perspective, that was the point of equity where those not building the community itself, I invested in those community to create more equity and where there would be opportunity for the next generation of equity, but a take away at a destruction of the communities and to institutionalize more during that point in time period, the position of segregation, public housing and then of course, the out migration from those areas for those of wealth, to the suburb area of urban.

I live in the urban area, I from the rural community. So, I wasn't a part of that. But then you have to look at the new deal, the new deal, again, a part of history itself. And when that was the movement in itself to deal with established and provided the equity opportunities within the population after the civil wars under Roosevelt and where people were provided the opportunity of land ownership and to create home ownership in those areas. Again, that's a part of history. But again, African American minority community, disenfranchised population was not included and was left out again. But then now you have this next generation of wealth that does exist that is the result of both policy and programs that was executed to create such equity. But when we talk about it now, it's like, well I don't know, can we do that?

And we then let's go to the eighties. The eighties. And when you deal with farmers' home administration, farmers' home administration were the primary sources of resource for dealing with financing. Both home rural housing particularly as well as agriculture and other business investments. Of course, African American, other minority population really didn't get any investment from a roof, from a business perspective. But even with housing then that was the restructure of Farmers' Home Administration. When the restructure of Farmers' Home Administration took place, the opportunity was provided by way of policy for a time period until everything had been taken care of, that you could do a 20% equity debt settlement. Now the 20% equity debt settle, if that was a 3 million situation of debt with the federal government and they could take over equity position debt right off with a 20% equity position if it's financed by another lending institution. And those are opportunities for, I don't think CDFIs exist at the end, during that job.

But with the banks and we know what were the norms with the banking institution, African American committee, then they were able to get, again, create and have an equity position with multimillion of dollars of debt right off with a 20% equity position or better, okay, in the restructuring of federal government system, what policy existed then. Equity equality, but equity existed and use that equity to build more equity as we move forward as to where we are now. And those are just some examples and sometimes now it appears that when we start to talk about equity investment programs for equity type of investment for opportunity equity investment for equality, then it's like we've never heard of that before. And it's a part of the history itself when you start to talk about real property, okay, real property within the system and from a policy perspective, from the government perspective. So, it is not new, it is not new, and it still continues to date. The question is who's left out and who is looking at it from an equality perspective, equity is not new, and the creation of equity and capital is not new, but equality is what is where we have the gap.

The equality on the basis of the program that worked for in some cases may not work for others when you start to talk about billing equity, in those disenfranchised type of communities we are talking about in areas and those individuals. So, I just wanted to say that from the, when you say that was institutionalized process, them not having access with banks and stuff. Now that was all a part of the point of dealing with segregation and the Civil Rights Movement and that was institution something that still exists today, but it was institutionalized from a point of history in this country to the point in position of where we are now.

LaRhonda Ealey: Thank you for you all for laying that foundation. So, when come to Julie and then after Julie, I'm going to go in the direction of how the Federal Home Loan Banks can support the financial institutions in closing or addressing the gap in the disparities. Because I heard Mala say bad loans and good loans and I think maybe one of the reasons why your friend and others get into those bad loans is because they're underbanked at the traditional institutions and don't have those opportunities. So, after Julie, I want to come to the financial institutions and ask how the Federal Home Loan Bank System can help you make and offer more good loans to people who have been historically and continue to be institutionally unbanked and underbanked.

Julie Brooks: - I just wanted to touch on the financial literacy aspect. How does done wonders in trying to support housing counseling agencies? HUD approved housing counseling agencies now have certified counselors that have gone through the training and the examination process so that they can teach financial literacy, they can help individuals with establishing a household budget, really taking a holistic approach to a family or individual's housing situation. And how can they either improve or sustain? One thing I like to kind of encourage, whether it be social service agencies, landlords, whomever start a resource library, they're no longer doing the jump jumpstart program or it's in very select locations but try to start a resource library. So, when an individual's coming to pay their monthly rent, they can privately go to whatever area and if they're having financial troubles, they could pull information on how to create a budget. They have Federal Trade Commission, the CFPB, they have free resources that you, they will send you. So, there is information on how do I open a checking account or a savings account, how do I meet my goals? So, there's a lot of different resources available that will send you for free. There's a lot of people who do the payday loans. How do you get out of that? So that's one thing I think is important to maybe have something like it's Fair Housing month, have information out there on fair housing, whatever it is. There's home ownership month in June.

So, somebody may have wanted that as a goal, but maybe didn't know how to obtain it. So, you could put information out there on credit. Some people automatically assume I have bad credit when they don't know. So just, that's one way to get, have a resource library. And even FDIC has money smart curriculum that they can send Freddie Mac has credit smart and it's an online free curriculum so they can go through and do that. There housing counseling agencies do the home buyer education classes that take an individual from the beginning to the end to hopefully avoid predatory lending situations. So that would be one way to kind of help address that.

LaRhonda Ealey: - Thank you.

Julie Brooks: - You're welcome. Thank you.

LaRhonda Ealey: So, going back to the question that I initially or asked momentarily ago, how can the Federal Home Loan Banks support institutions in making good loans available in particular to African Americans and those who have been historically and continue to be institutionally discriminated against and impacted?

Ed Sivak: - No, thank you again. So, some of these are just going to be repeats of things we shared earlier, but I actually, before going into that, I just wanted to share a story just speaking to the depth and legacy of unbanked and underbanked residents in this region. We opened a branch in Itta Bena, Mississippi, which is not far from here. Small town, 2000 people. When the last bank in town closed their doors, they came to us and donated the branch and gave us an opportunity to open a credit union branch in that market. At the time the bank was only offering deposit services and cashing checks. You couldn't apply for a loan there, you couldn't apply for a mortgage, you couldn't open a checking account. And so, it wasn't a surprise then when one of our members at the age of a hundred came and opened her first bank account with birthday money and she said it was the first time she ever felt welcome in a financial institution, African American woman who spent her entire life in the Mississippi, Delta.

That is the banking industry that exists in this region. This was not long ago. And so, we have to be mindful of that. We have to name it. And so, then the question is, what does the Federal Home Loan Bank System do to make sure another resident of Delta doesn't have to wait a hundred years before feeling comfortable walking in the doors of a bank or a credit union? I want to go back and talk about the capitalization. We talked earlier about the unfair haircuts that community development financial institutions receive needs to be looked at in terms of minority depositories, community development credit unions. That is first and foremost above there. Again, what are the ways that the balance sheet is being deployed or not deployed to advanced racial equity? The community investment program. There are advancements that can be taken from that program, which shave about 10 to 20 basis points off of the total cost of funds. But those dollars need to be tracked into projects and that is very onerous and actually makes the program untenable. And just, it's not worth the cost of that to access those 10 to 20 basis points aren't worth the amount of work to track into the project. Use that same program to invest in the CDFIs, to invest in a pool. If it's going into community development, if it's going into affordable housing, if it's going into mortgages for people of color, first time home buyers, it shouldn't have to be tracked into each one of those projects.

I think the Federal Home Loan Bank System has to dramatically increase its funding of down payment assistance; we've talked about the racial wealth gap. It's a fact on limits. We looked at it. If you look at Mississippi, Louisiana, Arkansas, Alabama, and Tennessee, all things equal, if we were to get roughly 550,000 black households into homes, then we could narrow, we could close the home ownership gap, which is right now about 28 percentage points. That's what it will take. And so, but to get there, it's going to take, we going to unwind centuries of building the gap. And so, one way to do that is with flexible down payment assistance. And so, we need to, again, the help program works well. The people who use it give the system good marks, the people who they work with high customer service. It's way too small to put a dent into the problems we're discussing here today.

I think the system needs to look at best practices across the system. And so, what I mean by that is we might work with one Federal Home Loan Bank, and we were talking about earlier the cost of building developments in rural communities and construction costs have gone up. This is not a new thing. Everyone around this table who does this, knows this, can speak to it. Whether it's shingles or pipe or sheet rock or glass, it's a lumber. And so, a project several years ago, a few years ago that could have built 60 units may now only bill boarding. And so, one system, one bank will work with you to move that from 60 to 40 to make sure you can at least get 40 in a community. Another bank is going to be much less willing to have that conversation. And so, what are the system? What evaluating across the system, where are things getting done? How are they getting done? What are the adjustments that are being made? How can those be lifted up and incentivized to happen?

Last but not least, I want to share one more story and it's about the community of East More. East More is a community built right outside the town lines of Morehead, Mississippi. East More was built to disenfranchise black voters. It was built in the late seventies to move just enough black residents across the town line so that majorities could be held to maintain the white mayor in that community. Those homes were built up overnight, they were thrown up, people died there, they burnt down gas explosions, wiring. So, when we moved into Morehead, again another town where the last bank closed its doors, the mayor took us there and said, what can you do to help us rebuild this community? And we said, let's figure it out. And we did. We went in there, we got private money from Goldman Sachs, we got infrastructure money from the Community Development Block Grant Program from the Delta Regional Authority Federal Home Loan Bank Money is in there too, but it was roughly $110,000 per home to rebuild 44 homes in that community. There are communities like that all over the Delta where homes need to be rebuilt. And so, what will it take for this system to make those types of monies available? Because subsidy, Daniel talked about subsides, we're going to rebuild these homes to build homes where people can live in dignity that weren't just put up for the purposes of not just disenfranchising at the vote, but also the ballot box, but also economically disenfranchising people. This system, the Federal Home Loan Bank system at 100 years needs to be integral to solving that problem.

LaRhonda Ealey: - Thank you. Cindy. I'm so glad you turned your card because I was coming to you next anyway.

Cindy Holler: - Do you want to ask this question, or do you just want me to respond?

LaRhonda Ealey: - I want you to respond.

Cindy Holler: - Okay, okay. Well, I'm just going to build off what Ed said I mean, it's interesting that you call yourself the Federal Home Loan Bank System. I think that, but if we're really going to change communities, that system has to get all the way down to people, right? And so, what are the building blocks to get to people and what's missing in the Federal Home Loan bank system to make that happen. So, at NeighborWorks we have 240 organizations across the country. Actually, Hope is one of them, right? And they are developers of affordable housing. They're community developers, they're social service providers. Many of them, and there's 91 of them, are also CDFIs, but they're way too small to be part of the Federal Home Loan Bank system. They would never meet your liquidity test or whatever. But we can lend to them, we're big enough, we have about 142 million in assets. We could, if we were able to access your money at scale, we could put a fund together and relend to them and just service the money, okay. And let them have it for long-term fixed rate capital. We've been talking about this and what's the haircuts are preventing some of that, because a lot of equity put up. And we thought about going to the other members of the Federal Home Loan Bank system and accessing, having them borrow the money and put it into a fund to get CRA credit and we would just aggregate and get it out. But we have to find a way to complete the system all the way down to the people.

Because I really do believe that the solutions are about organized people and organized money. And I think that some of the organizations around this table already got the organized people part, right? So, we going to figure out how to connect them and get the money to go all the way down so that the supply and the demand are all connected. So, our NeighborWorks organizations, many of them, I probably about half have home ownership centers. Were there doing the financial literacy that we talked about and they're building places where people can learn how to repair their houses and they're doing the credit counseling and they're doing all of that and they've got waiting lists. So, people that are really need this capital. But then there's this gap happens between having the homeowners ready and them having the money to be able to originate the mortgages. And that's what we going to fig figure out is how does this become a seamless system?

And so that's how I would encourage us to think about that. And I would just want to say one more thing because you touched on one of the things that we're hearing all throughout the networks network right now is the cost of construction. I have never in my 35 years seen this craziness.

I mean it is just interest rates going up at the same time. It's just a mess. And I don't think we're going to fix it just through financing. I think we're going to have to do some innovation around the way we built. I was actually talking to the mayor a little bit about, there's this big thing being tried around 3D printing where you can build a whole subdivision in a day and a half and they were doing it in Mexico, right? But we've going to start thinking about that. And if we're going to build a system, it's going to incent organizations like you and you and you to be able to say, "Hey, I want to build a little home building shop." Many NeighborWorks organizations are little home builders. How do they get the equity they need to be able to innovate in the construction space? So that's where I would use the word equity the most.

Cindy Holler: And I will see to John.

LaRhonda Ealey: - Thank you. Cynthia then John.

Cynthia Hines: - I'm going to just tell you; this is a great conversation. It's a great conversation for many reasons. However, there is one word I think that will tie together comments that Julie made, comments that Ed made, comments that I made, comments that Molly made, comments that you made. It's trust. And at the end of the day, we can talk about equity, we can talk about equality. But at the end of the day, it's trust. The people who have been shut out and disenfranchised from the system, please do not ask them to go and trust a system that intentionally disenfranchise them. Unless you are willing to do the hard work of exactly what you said, organizing both people, the institutions that the community trust and the money. It is that simple. You cannot ask people to trust that which they do not know. Now, I'm tell you a really brief, very funny story.

My father was a pastor. He and I used to, he used to tell me, oh you know, everybody needs to go to church. You can trust. I said, let me tell you something if you don't grow up, understanding that and knowing that don't just walk out and assume that everybody's going to trust. And we used to joke about it, but the bottom line is that it's true there in that particular institution. But it is also true when you think about systems, any system. One of the things that I also work with is sort of kind of education advocacy with parents and teachers. Here's the deal. When you walk into a school and all around this table today, we have used acronyms related to housing and banking and how do we finance people? But if I've always had a bad experience in those systems, and you've always used acronyms with me that I don't clearly understand, A, I don't know what you're talking about. I'm not going to tell you I don't know what you're talking about because pride is going to preclude that. But what I am going to do is just assume you're somebody else trying to get over on me and I'm going to walk away. We have to be very intentional about building trust in communities that are underserved, underbanked, whatever euphemism you want to use, we have to be extremely intentional about going to places people trust in order to make the case. Because we can change the regulations and the policies. But if I don't trust you if there's not someone in your system who can talk the talk and walk the walk that the community trust, it's over. It's over before it even starts.

We want to move people from section eight to home ownership or from rental properties and to home ownership. And we want communities to go because here's the thing, if I have a home and then I have an idea and I can build a business, then I'm building, I'm a now another part of economic development or community development in that system. But if I never get the home or I don't understand that particular process, then I can't do the other. Somewhere, as an education advocate, I always tell people somewhere there's the answer. Somebody has the knowledge to defeat cancer or whatever else the human condition. But if we don't support that, it's not going to happen. The same thing with housing, it just won't happen unless we create an atmosphere of trust.

LaRhonda Ealey: - Thank you. John, did you have—

John Olaimey: - Yeah, no, I absolutely agree with what Cynthia said and others have said here and affordable housing, we've talked about that quite a bit. I kind of want to focus a little bit more on small business and to kind of address some of those issues. Cause I believe there's some very important issues there as well. At Southern, we originate almost 8,000 loans a year and half those are under $50,000. Now you can imagine the cost structure associated with that. So, I think what you're saying there is the intentionality really matters and you got to get in there, but at the same time, you've got to have the technical expertise. One of the things that we've initiated, and today it's only in Little Rock where we're running some pilots with some other, with some philanthropy dollars, with some private dollars and our own dollars and it's called the Minority Empowerment Business Fund. And you can have cohorts that come in and they apply and they're not ready necessarily for the debt yet because debt can cause its own problems if you're not ready for that. But it's really more, we put them with experts in the field and those are accountants and lawyers and marketing and sales and procurement, which may be one of the biggest. That creates the opportunities to do it. So, I think it's that intentionality like you mentioned, there's been a lot of good things that have been said today. And I will tell the Federal Home Loan Bank, if you've asked us for ideas here, use your greatest strength, which is the advanced program. Provide incentives to use those advances in certain ways and you'll be amazed how much the financial industry will utilize those benefits. And I can't tell you what the number is. I said a 0% advance. I liked it probably because it was my idea. That doesn't mean anything. But if you use those for, whether it be for small business or whether, and you have some good programs today, by the way too. You need to let some of the banks know what those are. I will be honest, I came in, used to have a great grant program that went away, and it's been replaced by a couple of other programs today. You've got some unsecured loans and you've got some 0% advances on some other things. And I was not even aware of until I came in here today.

So, I would tell you to find ways to utilize the advanced system because with what we're seeing in the environment today with liquidity concerns, the banks see today, they're going to be utilizing your advances over the next few years greater than you've seen over the last 10. So, let's find ways to utilize those dollars in a way that promotes the equity that we want to see.

LaRhonda Ealey: - Thank you. David and then I'm going to come back to Dr. King.

David Jackson: - I would just like to piggyback a little bit on Cynthia. You mentioned education and you mentioned the father being a pastor and I was reminded of during my earlier years associated with school districts, there was an educational program, and it was more caught than taught. And the basis of the program is that we can talk about it, but people really don't get interested until you can put it in a format where they can actually catch it. Talking is we have done this, most of us have been in this business long time. I think Kevin and I was comparing notes and we don't know who been around the longest. But the thing is that when people come into My office and the actual application, and if I don't have anything concrete, I don't give it to them because if they fill it out, they call the next day and say, where am I on the waiting list? How close it has and I'm saying no, it's not funded yet. We were doing a pre-app, okay, it's gone. I mean the trust you talked about gone.

Cynthia Hines: - Zero.

Calvin Jackson: - It's like the preacher that said, do what I say is not what I do. Now that peoples are smarter than that now. They're not going to do what you say. I think we going to have to have some kind of delivery. I don't know what it looks like. And I'm glad I'm around all of you all, some kind of delivery where people can start seeing the reality of all of this that we are saying. I mean we talk about counseling; you know what happened with a person, state, a counseling program for a long time and never get a house. Look, you can go there, you can spend six weeks, but there's no funding for the housing program. But I know what to do now, but there's no funding for it. So, it's kind of like, they feel like they're wasted the time. They know more about housing, but do they have any greater access? I think we're going to have to come up with some kind of demonstration to so they can actually catch on. If you see your neighbor get one, that's what I love about the Reconstruction Rehab Program. One little old lady gets a house torn down in rebuild, every little old lady in their community is coming because they say it. I mean it's nothing like seeing it and knowing that it’s really worked. So, I really just want to say it's more caught than taught.

LaRhonda Ealey: - Thank you. And before Dr. King gives us remarks, I just want to note that time is swiftly moving, and we have 30 minutes left and we are... It's being interjected throughout the conversation, but I want to make sure that we hear your thoughts on the Federal Home Loan Bank System of the future.
So please, as we are going around the table and as you continue to turn your tent card so that we can call on you please keep that in mind and make sure that you get those out so that we have it on the record. Dr. King.

Calvin King: - I want, so from a future perspective, and this is something maybe should call it back to the future, the move it was back to the future, right? Yeah, back to the future. But cooperative housing, cooperative housing one is, could be a structure for dealing with creating housing opportunities, affordable housing. It also will lend itself to partner for I'm saying moving forward with more diversity and partnership both with the community-based organization. Whoa, that got me, that's my time up with the community-based organization, CDFIs, USDA rule development, these models were used years ago, but the cooperative base and there are a lot of ways that you can structure cooperatives, association from a stock interest perspective, general cooperatives.

But it's a business enterprise on one because cooperative definitely a business enterprise. But the other, and it's not public housing either. And it can be a means of when you say having people at the table and then where the resources are and then what's the guiding policy for it because you put in place the policy for that cooperative and just like you do self-help housing, everybody got to participate in so many classes for self-help housing. So, to create some model cooperative or people are at the table, they're there at the table. Whether equity dollars are going to be those who choose to be a part of the cooperatives.

What Federal Home Loan Bank investment dollars would be through the CDFIs or the banking institutions and rural development, which can also provide equity and grant dollars to put the equity affordability, cooperative affordability in place for rural areas. So, I just wanted to put that on the table as what I see as could possibly be and could be a solution in a lot of areas. Because they have cut said money when you understand the program, no money there, 515, there's no money there now. NRD hadn't been any money there forever. And of course, home is that you can ask for state participation in supporting it. Some will say, "Well that's kind of different," but it's really not, some of the wealthiest entities in this country are built around the cooperative model, but cooperative models for affordable housing, it could be, you could also structure them for home ownership as well. So, I just wanted to mention that from a future perspective.

LaRhonda Ealey: - So do we hear you saying. - And building equity could build equity also through that process. - So do we hear you saying that the Federal Home Loan Bank should innovate or create a product that specifically supports. - Cooperative housing development.

Calvin King: - Cooperative housing development? - Yes.

LaRhonda Ealey: Whether it be any particular, are you talking, are you referring to something more along the lines of like an advanced product or something more like AHP or both?

Calvin King: - Which one would be the fastest? (Members laughing)

LaRhonda Ealey: Which one would be your ideal giving, again, because you're on the board so you do have some familiarity.

Calvin King: - I think the advance would probably work best. Working back with the CDFIs and that's what I'm thinking, John, from the best perspective, I think the advance would work better and it want to move something in a timely fashion to look at where, again, this is one administration could be another administration while some of those other equity opportunities exist under the Inflation Reduction Act through USDA, particularly for rural communities. That addresses equity from that standpoint as well as states with the finance authority, with the home dollars and either redirecting that are at least moving it for from a plan, from an investing perspective to be a part of those type of partnership initiative to create some models, at least how they work and particularly for the southern region. And I'm not being prejudice behind the southern region of Delta now, but I am.

LaRhonda Ealey: - Understood and so Cynthia is next, but before she goes, Danielle, I want to get you because I'm coming to you next. But we haven't talked a lot or in more detail about the supply issue. And so, I want to pivot back to you after Cynthia and get your insights or ideas about how the Federal Home Loan Bank System can support housing supply needs. I know there was mention of minority-owned businesses, particularly developers and contractors who have bonding and funding issues. So how the Federal Home Loan Bank system may be able to provide support on that front, Cynthia.

Cynthia Hines: - Okay. So, when we have a conversation about what's next best long term, what can we ask from the bank? Dr. King did mention, historically we've done certain types of funding to move people forward into new areas. We have to, or the bank has to, and I think collectively we all have to rethink how we make this work in a way that is both long term that is specific but flexible enough, which is its oxymoron in some cases, but specific but flexible enough that we reach people who really need that. We have to come out of Dallas and look around where we are and what those institutions need. And they may say, "Oh, well, we do come out." But are your boots on the ground?

Coming out and going to an institution as opposed to going to a project is very different. And I think they have to become and understand that Yasu clay is not Texas dirt. And it is sometimes in many ways it's just that simple. How can we all participate in a way that they gain knowledge that helps them make very specific but flexible decisions when it comes to projects that financial institutions and developers are working on to improve communities.

LaRhonda Ealey: - Okay, Daniel? - Okay.

Daniel Boggs: The supply the need is great, and we know that, and we have developed and redeveloped a lot of affordable housing complex within the community of Greenville, Washington. I think I got your mic.

Calvin King: - Yeah, you got. (all laughing)

Daniel Boggs: - And humbling to see the response that we have to some of these projects that we develop and again, I do want to reiterate Ed and John's comments, I think injection of capital upfront buying down the law, buying down the interest rate, especially right now is probably going to be the key to make this happen. I think we've been saying that now for three or four years at least, if not longer. We have been able to take advantage of the Federal Home Loan Bank of Dallas' down payment assistance, which I think at the time was six or $7,000. But in order to make that work with some of our local community banks and to be able to service what that 10% requirement was, plus also pay the closing costs and legal fees associated with it. We've had to make home ownership available. We've had to basically renovate a house and make it available for less than $40,000. We can do it, it's a smaller house but we've been able to do it. We haven't been able to do it on a large scale, but it is something that there is still a huge need for. We redeveloped less lane apartment complex, which was right across the street from our office. And the day that we sat the, it was only eight units, and it was actually funded largely by the show program. But it again, there was flexibility in the home program that allowed us to do that. And it was actually renovating Greenville's first apartment complex. But I'll never forget the day that we actually put the now leasing sign into the ground. We got 43 applications before we closed the doors that day. Ed Gray Park, which is one of our developments that we just recently completed, which was built upon sustainable design techniques, it actually addressed utility cost, which we built like is the major threat to affordable housing. As of right now the average utility bill for all utilities out there is $147 before we move the first. Yeah. We use smart design techniques and use elements of natural resources to help heat and cool the unit. Before we released the first unit, we had 400 applications on hand. It was only 42 units. So again, the suppliers need, demand is there, the need is there. Again, we're just not seeing that 60% subsidy, 60% injection that we need to make the project financially feasible.

LaRhonda Ealey: - Thank you. I want to come to Julie but Cindy, but Julie I want to come to you second but to cue you up, can you think about how the Federal Home Loan Banks could potentially extend their reach? Do you think it's enough? Is there more that they could do? And then Cindy, thank you for submitting some comments to us earlier in your comments. I believe you mentioned a rule set aside. Did you mention a rule set aside in your comment? Can you expand upon that momentarily? How do you think it would work?

And again, it doesn't have to be specific, but some general ideas that again we can have for the record.

Cindy Holler: - Back to organized people and organized money. I think if I were you, I would try to avoid being retail. So, what you can do is say, I want to put a world set aside together and make dollars available and then let the organizations around the table figure out how to do it. I mean I think Cynthia said it best, it's going to be different report than it is in North Dakota then the Delta, And so if you either create dollar pools of funds or set asides and resist the temptation to put lots of regulation around it okay and let the customers tell you how to do it, I think you'll get a lot more money out and it'll be more effective and impactful.

- **LaRhonda Ealey:** Thank you.

Mala Brooks: - When you say rules satisfied. - Sometimes it can include all communities in rural Mississippi, excluding Jackson has counties going by population. I think it need to be more detailed when you say rules set aside, it may include the (indistinct) taxes in their community may be at a very low minimum to ensure that they are included and not going to community like Ridgeland Madison, which is still considered rule but would overlook communities like here in the Mississippi, Delta. So, I think if we are going look at a rural set aside, we need to be real clear about what areas we're talking about.

LaRhonda Ealey: - So if I hear you correctly, it sounds like you're saying you agree with the rules set aside idea.

Mala Brooks: - Yes.

LaRhonda Ealey: - But it needs to be even more specific to critical and high needs area.

LaRhonda Ealey: Exactly.

Mala Brooks: Okay.

Julie Brooks: - Okay. I want to touch on that real quick. - Yes, please. - Even though Madison as a whole is a wealthier county, there are still pockets in areas within Madison that are rural and are low income. Canton, Mississippi is one of them that's in Madison County. There's a lot of areas within Hines County that Edwards you've got other areas that would benefit from that rule set aside. So maybe broaden it up a little bit but that is something that could target those in need. As far as the question that you asked as what can FDIC, I mean I'm sorry not FDIC, Federal Home Bank do I think more marketing and outreach? There have been in the past where we've done housing resource events. So, it could be something that they like just a marketing campaign to sponsor housing resource events where you're bringing agencies within the community that do have social service programs, bringing awareness. In the past when we've done them, not only are we bringing information on down payment assistance, you're bringing the community action agencies in as far as their programs, A lot of social service programs because families just don't have one issue. I think if also they could do trainings with nonprofits, sponsor training events to where they're actually letting those agencies know of the programs, how they work because not everybody knows about the Haven program that helps veterans and we have a large veteran community here in the state and then the SNAP program, I just happen to stumble upon that by trying to find resources for an individual. So, I think if they can do trainings regionally because the needs on the coast differ from the needs in the Delta. So, I think those two things, marketing, outreach, and training.

LaRhonda Ealey: Very good. Thank you. Again, this dialogue has been amazing and just, again, I keep saying it's insightful, but it truly is for us, and our time is really, really truly almost up. So, I think we do, we will have I think, space for written comments as we continue this process. And so, we encourage you to think about, continue to think about your ideas, put them on paper and send them to us and look for additional opportunities to do so. But we do want to start to wrap up. And John, I see your card so I'm going to ask that because we're going to do a round robin, I'm going to go around the table and what I'll do is I'll start with you so you can get that last comment out quickly. And then also our rounds Robin question and say for you, Cindy, I see your card too, but whatever comment you have, you could just hold it till we get to the round robin part of that and just kind of merge its in. But to wrap things up, we would like to hear from everyone what is the single most important unmet need and what change would you recommend to the Federal Home Loan Bank system to best fulfill that need? There's a caveat that said, if no changes are needed, why not? But given the conversation, I doubt anyone will respond to that. So, I'll just reread the first part again, what is the single most important unmet need and what change would you recommend to the Federal Home Loan Bank system to best fulfill that need? And we'll start with John and work.

John Olaimey: - Right, start with John-- That's something I'm going to have to think about and can follow back up in writing on what the single greatest need is. But it's always about access to capital and I think you've heard from a lot of people today with a lot of ideas on what we could do with that. But I still keep coming back to the greatest strength is your advanced system. Use that advanced system and intentional way, I'll leave it at that. And I don't know if Cindy said it, or Cynthia said it but keep it simple or the banks will go to other things that they've got going on because everybody's busy. The final piece I'll give you on just an idea, at least in Dallas, is to start digitizing the processes. We originate a lot of loans; we still have to get a physical signature on every single one of those notes and every one of those mortgages that adds up over time. And it would make it anything we can do to drive cost out of the business and we're there legally, I mean we can figure it out and some of the other Federal Home Loan Banks may already be doing this, I'm not certain, but anything we can do to drive cost out of the business helps us to focus our profits on the things and the mission we're trying to achieve. Thank you.

LaRhonda Ealey: Thank you.

David Jackson: - There is no such thing as a single, but anyway, we'll try to probably ask here, actually in reading some of the material, I'm going to rush through this. I looked at the partnership grant and I thought about one of the problems I ran into and because I know everybody else going to talk about that the overall capital is that, that there's a rule letter that say if you have a regulation, if your operating income is over $600,000, I think you can't participate. That's a nonprofit. And I thought that that was just crazy. We managed affordable rental housing. And the rent revenues are much greater than that and more like Wilton millions. But that's restricted, that doesn't affect our go to our bottom line at all. We have written in it with a management fee. So, I think the bank need to look at things like that is that you really, if you going to use an income threshold, let it be a net income or unrestricted income, but not revenue. We just need to, so that's one point. But we can come back in the round route.

Ed Sivak: - I would say really look at ways of modernizing or even revolutionizing the balance sheet in the income statement. And I've made the points about the way the advancement system is inequitable in its treatment of some minority repositories that needs to be rectified the ways collateral is treated. Additionally, the types of collateral that could be taken. Right now, it's only mortgages, but I think Litech properties should be considered as well. They are safe and they're some of the strongest loans that we have that's collateral that could be used, that's on the balance sheet and then on the income. And I think the system should study this as well as part of the hundred-year anniversary and on the income, statement is just to markedly increase the investments that the program is making. Every person I talk to on the program side, who is engaged in these programs, again, they give high marks to the staff who's engaged in them user experience. And they all say there's not enough. And it's because the need is so great. And I believe the system can find ways to increase the investment.

LaRhonda Ealey: - Thank you.

Julie Brooks: I would probably say maybe holding back on the regulatory side and allowing the banks for more of the flexibility to make decisions that are best within their service area. They know the people that they serve, the programs, what that family or individual's needs are. And so sometimes there's a lot of restrictions that prevent them from being able to help.

LaRhonda Ealey: -Thank you.

Cynthia Hines: - I'm simply going to go back to let's develop a system from the banking side that is seamless using Cindy's word, but that really ultimately impacts what we're able to do for communities across this country that are rural.

-**LaRhonda Ealey:** Thank you.

Daniel Boggs: - I like what David said, I really do. Because being from the same industry, the money that we do make, we inject it right back into the community. But looking at, and again, I don't really know how this can change, but a lot of the financing or grant funding partners have gone to that gap financing. So, it is honestly now trying to find nine different sources of GAP funding to make a project whole. And again, whenever we're using those, I know the Federal Home Loan Bank specifically has a concentration on 50% AMI or less, but then it kind of concentrates, up to 120 after that. But then, you pair that with the CHOTO dollars, which the majority of them are 60% or less, 90% has to go to 60% or less and then, 10% to 80% AMI or less. So, it's kind of juggling all of these different requirements from these funding agencies to kind of figure out what's the most restrictive way. And whenever you start kind of putting them all together, you start to realize that you have a lot of restrictions whenever it comes to affordable housing development. So again, maybe let's focus on some direct initiatives that we can serve within a specific period of time and make a concerted effort of going and addressing those issues.

LaRhonda Ealey: - Thank you.

Calvin King: - Well, I have 20 years' experience in farming. I'm going to use this terminology. unmet need is calibrating actual investments for you have that more equal balance with other populated areas because it's not the same. So that's what's unmet now. What's unmet is calibrating and best these marginalized, disenfranchised community, general minority community, particularly the area. And what change need to occur, the changes that need to occur would probably be more in the area of the administrative policy, maybe administrative policy are the plan. Those plans that are developed by the districts and Federal Home Loan Bank, a regional district offices. And in certain cases, it may not be the plan, it may be where it requires, it would link back to legislation, but as I see it right now, it is more linked to the administrative plans in prioritizing those plans to focus on whether these unmet needs are and change would be, that's what a change protect us.

LaRhonda Ealey: - Thank you.

Cindy Holler: - Well, I think the most important thing for the Federal Home Loan Bank System to do is to get capital where it doesn't go easily. And that means being creative about what equity means. Right now, the customers that are members that are closest to impacted communities, those especially of color still have, are not being treated the same as the bigger banks. We have higher haircuts. So, I would say start thinking about the equity that they bring to the table. Maybe things like credit enhancements from foundations, be creative about alternative equity because we don't have it in the same way, but it is real equity. And when we've going to think about that, if we're going to get money into places where capital doesn't totally go, doesn't always go.

LaRhonda Ealey: - Thank you. And to wrap up, Mala,

Mala Brooks: - I would say place additional emphasis on rural disadvantaged communities with capital, education, and awareness.

LaRhonda Ealey: Thank you.

Joshua Stallings: Well, we are going to squeak in just under the hour like we were hoping to. So, I want to start by saying, or finish, I should say by saying thank you to everyone that participated today. Your thoughts really are incredibly valuable as we're continuing to work our way through this process. As LaRhonda did say, we are going to be opening up the written comment period again early this next year. So, if you have further thought on your ideas as you're flushing them out more, I know John, you said you want to think about it, do and put it in writing and hopefully you can send all that to us soon. I just want to say that we had a very fruitful conversation today that took us through some basic practical\ considerations like foundation and plumbing concerns; all the way to far more difficult topics like equity and equality that are rooted in the system and further into the conversations of education and deployment of capital. So those are not small items, but

I think I will say that we will take that all under advisement and I think that it's something that we all need to be thinking further about. So, I will encourage everyone to visit our website regularly as we do update it on a right, on a weekly basis in terms of where we are, what more we have to come in this process. We are still hoping to have several more roundtables before this year is over. I know that everyone usually stops doing things after Thanksgiving. We have decided not to be those people this year. We have several more roundtables coming up, including in Oklahoma and in Baltimore. And so, I think we more to come and please check the website for more of that information. So once again, thank you to everyone that participated today, those that came to be here live with us and also everyone that was watching on the live stream. We really do appreciate it and all of the continued thoughts that are going into this. So, thank you all very much.

- **LaRhonda Ealey:** Thank you.

(*member clapping) (upbeat music)*

English (United States)