



July 12, 2024

Federal Housing Finance Agency
Division of Bank Regulation
400 7th Street SW, 7th Floor
Washington DC 20219

RE: Bruning Bank comment letter submitted in response to, "Request for Input (RFI): Federal Home Loan Bank Core Mission Activities and Mission Achievement".

To Whom It May Concern:

Bruning Bank, 104 East Main Street, P O Box 100, Bruning, NE 68322-0100 is headquartered in Bruning, NE 68322 with a population of 279 people. Bruning Bank is a family and employee-owned community bank with assets of \$615 million. We have branch locations in Hebron, Broken Bow, Holdrege, Kearney and Grand Island, Nebraska.

Bruning Bank has been a member of the FHLBank Topeka since 1998. Per your RFI please record our comments for condensation. Our comments will follow the question format that was posted.

Mission Statement for the FHLBank System.

Question 1. How should the mission statement for the FHLBanks reflect the connection between the liquidity provided by the FHLBanks and their support for housing and community development?

Response. As set forth by Congress the FHLBank Act describes what the FHLB's are authorized to do and what they cannot do, membership etc., Bruning Bank has used the FHLBank quite extensively since 1998 we've used every product available. We use the line of credit, term advances, safekeeping, letters of credit to public entities and the Mortgage Partnership Finance (MPF) Program. These products have assisted our bank in growing our asset base and most importantly assisted our communities to grow and thrive. Liquidity for rural Nebraska banks is historically seasonal and with the rate of inflation driving rates up higher and longer than expected, FHLBank has been the stable and reliable source of liquidity to fund farmers, small businesses and a key component in assisting community banks to meet the housing needs of central and south-central Nebraska. I can safely and confidently say the FHLBank Topeka is meeting its mission for our bank and our communities.

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Question 2. Are there components in addition to providing liquidity and supporting housing and community development that should be included in the mission statement?

Response. As the Federal Housing Finance Authority (FHFA) is the primary safety and soundness regulator of the FHLBank's, it should focus on keeping the FHLBank's strong with capital standards, asset quality with strong loan underwriting criteria, appropriate interest rate risk management and measurement sensitivity and through review of bank management. Similar to what the primary federal regulators of the nation's community banks are subject to. Strong community banks make strong communities. Strong regional FHLBank's make a strong FHFA system.

Our understanding is the FHFA is not in a position to change the mission of the FHLBank's, that lies within the halls of Congress. FHFA should pass these comments along to Congress and ask if Congress needs to take action to change the mission of the system. We think the FHLBank Topeka is meeting its mission mandates.

Measurement of Mission Achievement

Question 1. Are there characteristics other than those listed on pp. 9-10 that FHFA should consider in developing measures of mission achievement? Please provide the rationale for consideration for any other characteristics.

Response. It seems that what the FHFA is proposing may raise some unintended consequences by adding areas that may not need attention, just from lending and credit perspective it could become a slippery slope. A great deal of emphasis as it should be on income. Income is an issue we deal with quite extensively in our housing and community development efforts. We support people at nearly all income levels. The Bruning Bank mission statement is "Assist our Customers to Build and Maintain Wealth". We are proud of our record of doing this for a few thousand customers. It puts a high fiduciary duty on the bank to provide affordable products and services to all customers and value added guidance and advice to those needing to buy a home. However, it also means in our financial coaching that people must plan to build and maintain wealth, that mission applies to small and large loan requests. Our duty also dictates we don't allow people to borrow more than they need and can repay.

FHFA needs to consider the safety and soundness aspects to keep the system safe. Moving away from the true safety and soundness regulator will cause unintended consequences and weaken the system. That is the risk you must concentrate on and measure.

Question 2. Should all activities in the CMA regulation qualify as core mission activities? Are there items that should be added to or removed from the list of core mission activities? Please provide the rationale for any additions or deletions.

Response. We do not see the need to add multiple measurements of mission achievement. Seems that cost to measure and comply would only add to the size of the regulatory burden and the cost to comply would be passed on to the members, which would be passed onto the retail level customer and possibly reduce funds and resources to provide credit and liquidity.

Question 3. In developing multiple measurements, what additional aspects of mission achievement should FHFA assess? What additional measurements should FHFA adopt to assess support for housing and community development, including support for lower income households or other groups with identified needs?

a. Should some core mission activities be weighted differently from others? For example, in assessing support for housing and community development, should advances or other activities involving members with a stronger mission focus be given greater weight?

b. Should all FHLBank advances count as core mission activities, or should there be limits or exclusions for advances (or other activity) involving members that have only a limited connection to housing and community development? How might this be measured? Should the type of collateral securing an advance be considered in evaluating advances? (Alternatively, this type of approach could be used for calculating one or more additional measurements).

c. How should an FHLBank's AHP contributions that exceed the statutorily required minimum or voluntary program contributions be reflected in the mission achievement measures?

Response. The questions and proposals seem to assume a lot of variable factors. It is our understanding that the FHLBank is required to treat members equally with pricing of products and services. For those members that are not as involved in the housing for example, community banks face some regulatory hurdles and obstacles. The price of compliance and navigating the current regulatory tsunami has already reduced community bank's ability to meet housing credit needs. Moving more measurement and conditions to offer credit products to our customers and communities is counter intuitive to what Congress intended for the role of the FHLBank system. Therefore, the proposed changes are not needed and seemed very misguided.

Question 4. As discussed in the System at 100 Report, the FHLBanks receive certain advantages from their status as GSEs. Another approach to assessing mission achievement could tie measurement to the value of GSE status. If FHFA were to pursue this approach, how might the value of the GSE status be measured and how should mission achievement be compared to that value?

Response. FHLBank needs to always maintain its GSE status, it should not be considered to be given the same retail GSE status enjoyed by the Farm Credit Administration and Farm Credit Services that enjoy the benefits of an unlevel playing field. Taxation and regulation are not the same as community banks. The GSE status for FHLBank's in partnership with its members allows for the best outcomes for communities and businesses in economic development and housing. Keeping the wholesale cooperatives in place is good for America. Control is less centralized and decision making on core business is done at level that benefits the most people.

Question 5. Are there other approaches FHFA should consider?

Response. No Comment to offer.

Member Incentive Program.

Question 1. What factors should FHFA and the FHLBanks consider in determining each member's commitment to housing finance and community development under a member incentive program?

Question 2. What metrics and activities should be used to determine each membership category threshold? Are there housing- or community development-related activities that should not count or should be discounted in the calculation? Are there some that should count for a greater amount? How would flow business that might not be reflected on the member's balance sheet be reasonably considered?

Question 3. Member activity that supports the housing finance and community development mission may change over time. How frequently should members be evaluated and classified as to their incentive category? Should the members self-report their level of housing and community development activity and provide documentation or a certification to the FHLBank, or should the measurements be performed by the FHLBank? What should the steps or process be for re-assigning members whose engagement in housing finance and community development activities has shifted, resulting in a change of category?

Page 5

Federal Housing Finance Agency

July 9, 2024

Question 4. What additional benefits should accrue to members in each category?

Question 5. What provisions should be required for each FHLBank's program to ensure it does not adversely affect the FHLBank's safety and soundness?

Question 6. Should there be requirements that ensure members who obtain the benefits of such programs are not engaged in conduct inconsistent with the public interest, such as predatory, discriminatory, or unfair practices?

Response. Seems adding these factors would cause an undue level of reporting and seems it would unfairly discriminate against smaller institutions that don't have the staff or the ability to fully meet the aforementioned regulatory tsunami. With Home Mortgage Disclosure Act and the proposed 1071 Data Collection proposed overreach the emphasis is pushing community banks away from the core business of banking and helping communities.

Why make home lending more difficult?

If you have any questions, please don't hesitate to contact me direct at 402-353-0092, mobile 402-768-3397 or jcatlett@bruningbank.com

Sincerely,



Jerry A. Catlett

Bruning Bank

104 East Main Street

P O Box 100

Bruning NE 68322-0100