



Golden Belt Bank

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July 5, 2024

Federal Housing Finance Agency
Attention: Sandra L. Thompson
400 7th Street, SW
Washington, D.C. 20019

Dear Director Thompson:

Golden Belt Bank is sending this letter on behalf of the Federal Home Loan Bank (FHLBank) and your request for public input on the FHLBank Core Mission. As a small community bank, we rely on the FHLBank Topeka as they play an essential role in supporting our bank and our communities. Our bank is headquartered in Hays, Kansas, and we are a \$315 million asset community bank. We have two additional branches with one located in Ellis, Kansas, and another in Fort Morgan, Colorado.

Upon reviewing the mission statement of the FHLBank Topeka, their mission states: “We make a difference by providing reliable liquidity and funding to help our members build strong communities.” After reading this statement, I couldn’t think of another statement that better represents what the FHLBank does for us. They make a difference in every community where one of their members is located by helping provide liquidity to that local bank. Banks fail if they don’t have adequate liquidity, and per this mission statement the FHLBank provides “reliable” liquidity and funding sources for its members. In 2023, we witnessed the importance of this firsthand when inadequate liquidity led to the failures of several large regional banks. FHLBank’s mission is to assist community banks in helping manage their balance sheet with funding to supplement core deposits with both short and long term funding strategies. The second part of their mission states “help our members build strong communities” and if you have ever visited a community that lost their local bank, you would notice that the community is dying. A bank exists in a community to provide capital to the people and businesses of that community and without a local bank the community will disappear.

Mission Question 1

It is our bank’s belief that the FHLBank’s mission already supports the connection between liquidity provided and their support of housing and community development. Our bank is known as a leader in the mortgage market in our communities as well as Western Kansas. Without reliable liquidity from FHLBank, we could not make mortgage loans to our customers, hindering their dream of home ownership. Additionally, FHLBank provides first time home buyers with grants that help them purchase homes with little to no down payment. We average approximately \$135,000 per year in funds distributed in our communities through the HSP program. This has helped get many customers into homes that they would not have qualified for without an HSP grant because they didn’t have the necessary down payment. In all communities across our country we struggle with adequate and affordable housing, but these grants help make it possible for individuals to purchase their dream home.



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Mission Question 2

As stated above, our bank believes that the FHLBank system currently serves both housing and community development within their current mission statement.

Measurement Question 1

I understand the desire to develop metrics to determine if the FHLBank system is meeting the mission expectations, but wouldn't this actually prohibit and limit the FHLBank's ability to meet the needs of all communities? For example, FHLBank's serve their members, which are banks or credit unions in communities across the country. The needs of my community are entirely different from those of a neighboring community, and vastly different than the needs of Kansas City, Kansas. One community may need more multifamily housing, but another community may need 1-4 family housing. The community banks in each of these communities are already implementing the items mentioned as suggestions for your mission measurements. For example, in my community all the banks came together with our economic development director to establish a Rural Housing Incentive District to create affordable housing. The banks partnered together to finance the purchase and development of the ground. Now, we have an entity that is selling lots to builders to build homes capped at affordable prices for potential home buyers. The sale of these lots is repaying a loan back to all the banks. This is all possible due to our partnership with FHLBank to get advances. These types of innovative ideas are happening because small community banks have reliable access to liquidity, enabling them to improve their communities.

Measurement Question 2

It is my bank's belief that any restriction on mission activities of the FHLBank system would have undesired consequences. The better question is why should the current CMA be changed and what is wrong with how the current system is working? The above paragraph provides an example of how the system helps produce housing indirectly in my community. It is a known problem in this country that we have a shortage of housing. Putting restrictions on who or how the liquidity from FHLBank is used in the market would only be adding to the housing shortage problem. Our country's housing problem is a supply issue being created by high material prices, labor shortages, wage pressures, and complex development regulations that limit new housing construction. By putting restrictions on liquidity, this would only add additional costs to the price of housing.

Measurement Question 3

Please refer to my comments above as I believe they answer this question as well.

Measurement Questions 4

The FHLBanks have been GSEs since they began in 1932. Because of that status, they have oversight from Federal Housing Finance Agency to ensure that they operate in a safe and sound manner. The FHLBanks have proved that they are robust and have survived the Great Depression, the Savings and Loan crisis of the 1980's, the Great Recession of 2008, and the 2020 COVID-19 pandemic. Their status as a GSE allows



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them to help offer their member the products and services they need to serve their communities with housing through the MPF program, Letters of Credit, Safekeeping and affordable and reliable advances. They also benefit their members with HSP, HSP +, Hope, and Native American Housing grants. Additionally, they have their Affordable Housing Program which provides millions of dollars of investment back into their members' communities.

Measurement Question 5

Please refer to previous answers regarding Measurement Questions 1-4.

Member Incentive Program Questions 1-6

Since its inception in 1932, the FHLBank system has worked to assist its members with reliable liquidity to promote housing and growth in the communities of the members they serve. Our country's financial system is very complex but resilient, having weathered many storms. The FHLBanks are a part of this complex system and very important to the members that they serve and the communities of those members. Each member of the system is required to buy stock in their FHLBank, making the system a cooperative that meets the needs of its members. The majority of the system's members are community banks and credit unions that serve the great people all across this country.

As part of this complex financial system, the banks and credit unions are highly regulated and follow thousands of pages of regulations to ensure we operate in a safe and sound manner and meet the needs of the communities we serve. We are regulated by the Federal Reserve, FDIC, OCC, NCUA, CFPB, SEC, United States Department of Treasury, Office of Foreign Asset Control, and the FHA. The balance between our regulators and financial institutions help maintain stability and ensure the system works correctly. It is my opinion that attempting to determine different levels of membership or incentivize them to work on specific housing or community issues would not be equal. Incentivizing a member to take on more housing development could put that member at additional risk in the event of a real estate crash similar to the 2008 financial crisis. Banks and Credit Unions need the ability to manage their risks as they do today, without being required to take on additional risks just to get reliable funding. Currently, the FHLBank system does not differentiate by size. A \$50 million dollar asset FI has access to the same products and services provided to a \$100 billion dollar asset FI.

Our current financial system is under attack from many different fronts, and as such we all need to bank together and find ways to make it easier for us to thrive and help our communities. We are battling crypto currencies, fraud, non-banked entities wanting to act as financial institutions, rogue foreign governments wanting access to our payment systems, and cybersecurity threats from every direction. Our financial system has weathered many storms and continues to succeed by adapting and changing, but that will only continue if we all work together for the benefit of everyone in the system.



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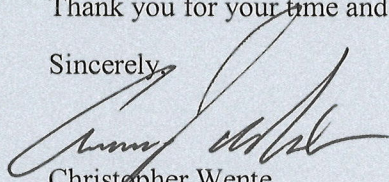
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Director Thompson, I ask you to visit some of these small community financial institutions that are members of the FHLBank system and ask them how the FHLBanks helps their institution thrive. See what these financial institutions are doing in their communities and how they are giving back and working to combat our country's housing issues. Ask the customers of these financial institutions, if they are happy with their financial institutions and how they feel about their involvement in the community. I think you would be proud to know that the system is well represented, and I know the people in my community appreciate what our bank does for them and the community. This would not be possible for us without the support we get from FHLBank Topeka.

Thank you for your time and consideration.

Sincerely,



Christopher Wente
President/CEO