LAKE-OSCEOLA STATE BANK

Customer Care - Community Support

790 N. Michigan Ave. • P.O. Box A • Baldwin, Michigan 49304

Voice: 231-7454601 • FAX: 231-745-7177

July 9, 2024

The Honorable Sandra L. Thompson

Director

Federal Housing Finance Agency

400 7th Street SW

Washington, DC 20219

RE: Request for Input: FHLB Core Mission Activities

Dear Director Thompson,

I am submitting this comment letter on behave of Lake-Osceola State Bank. Our bank is a $450 Million community bank headquartered in Lake County Michigan. Lake County has the distinction of being the poorest county in Michigan with a poverty rate of 20.3% and an unemployment rate of 7.1%. We are a full service community bank and have received an "Outstanding" CRA rating 4 or the last 5 FDIC exams. With your time at the FDIC you fully understand what it takes to achieve this level of CRA rating and the extend to which we serve our communities. This cannot be done without the help of FHLB. We have been a member since 1994 and over those 30 years we have come to depend on the FHLBI to support us in our mission. We actively use the multiple types of advances (including CIP advances) to support our mortgage lending and interest rate risk exposure. As you can imagine, being located in the poorest county in Michigan, deposits are hard to come by, therefore the FHLBI advances provide the necessary funding, which we have come to rely upon, to support our mortgage activity. Without this reliable funding we could not provide the mortgage funding to the extent that we have been able to do.

Over the time of our membership, we have also utilized the various FHLB affordable housing initiatives. The Neighborhood Improvement Program has been a game changer for our communities. The dollars that have been granted thru this program has brought up the living conditions of the poorest of our community. The HOP program has allowed borrowers who do not have the ability to save for a down payment to be able to make home purchases and establish a foundation to build net worth. Currently, we are partnering with our first AHP Grant opportunity. In addition to utilizing these programs and advances our bank actively participates in the FHLBI Mortgage Purchase Program (MPP). Due to our bank's size and staffing constraints, the MPP is our sole direct outlet to sell mortgages. All of this activity is not only critical to our institution but is vital to the economic development in our service area.

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As I review your Request for Input, I am concerned that there might be changes made to the FHLBs mission and purpose. The mission of FHLBs appears clear, "To provide liquidity to its members and support affordable housing". Based on our membership experience, Ido not see a need to restructure or restate the FHLB mission statement. Even the slightest change in mission statement language can create significant changes. I appreciate your System at 100 review, and maybe there are things that could change for the better, however, from our lens, the mission of the FHLB system should not be one.

Thank you for affording us the opportunity to comment on this very important issue.

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President/CEO

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