VIA ELECTRONIC SUBMISSION ON WWW.FHFA.GOV

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March 11, 2022

Federal Housing Finance Agency
400 7th Street, NW
Washington, DC 20219

RE: **Request for Comments on FHFA's Draft Strategic Plan: Fiscal Years 2022-2026**

Greetings:

The US taxpayers found out the hard way what their "implicit" guaranty of Fannie Mae and Freddie Mac debt meant. After $191 Billion spent, the taxpayers are still on the hook for the misadventures of these government sponsored enterprises currently in conservatorship.

Another GSE, the Federal Home Loan Bank System, is flying under the radar but is propped up by the same implicit taxpayer guaranty. Like Fannie and Freddie, this GSE issues enormous amounts of debt at a deep discount due to the perception that the taxpayers will make good on that debt. Unlike Fannie and Freddie, this GSE is in daily competition with the same taxpayers that are keeping it afloat.

The Federal Home Loan Bank of the United States, let's call it "Bank US", is in dire straits. Bank US is fictional, but it is based on the fact of consolidating each of the eleven existing Federal Home Loan Banks scattered across the country into one bank.

If Bank US were a commercial bank its total assets of $712 billion would rank #5 just behind Citigroup. If Bank US funded itself with deposits rather than with taxpayer supported debt, depositors would have departed long ago.

In 2020 according to their filings with the SEC, the CEOs of the combined Bank US pulled down over $39 million in total compensation for overseeing what is essentially a quasi-governmental agency that: a) cannot fail; b) offers but one product; c) has no dissident shareholders; d) has a captive customer base, and e) is not allowed to innovate. The rest of the eleven C-suite occupants are compensated on a similar scale.

Without the US taxpayers' support, Bank US would not exist, nor could it survive. Besides their direct subsidy of Bank US's debt, the taxpayers pay for Bank US in another important way.

Consumers, aka taxpayers, receive lower returns on their savings and deposit accounts at commercial banks and credit unions. In effect, taxpayers are subsidizing Bank US so its member/owner banks can turn around and skimp on paying market deposit rates to the consumer.

This is double taxation and entitles the taxpayers to a seat at the table…a seat they do not have now.

The commercial banks that own Bank US fund their operations from equity along with deposits and other borrowings. If these commercial banks find it too expensive to pay up for deposits, they bundle some of their mortgages and pledge them to Bank US in exchange for a taxpayer-subsidized advance. And what do the taxpayers get for this double whammy to their pocketbooks? Bank US has to devote a small fraction of its net income to affordable housing programs.

In good times, that sliver of its earnings allowed Bank US to justify its existence. No more. Now, with its net income low and heading lower the rationale for the enterprise is questionable.

One intrepid legislator, however, US Senator Catherine Cortez-Masto (D-NV), has recognized the imbalance of this public/private enterprise. With tremendous push-back from Bank US and its coterie of supporters, she has spearheaded a bill that would increase the slice of net income devoted to affordable housing from 10% to 15% of net income. Despite its modest ambitions, her bill faces an uncertain future.

Whether or not the Cortez-Masto bill becomes law, Bank US is in need of a total overhaul.

Part of Bank US's problem is that its mission which was set by Congress when it was created in the 1930s has to be brought into the current millennium. The member/owners need to be reminded that Bank US was not set up to be the vehicle for corporate welfare that it has become. Rather, the exigencies of the modern era such as climate change, infrastructure repair, and small business credit, although they may be beyond the ken of Bank US's current leaders, present unique opportunities for Bank US should it be directed by Congress and its regulator to address them.

There is hope.

Bank US has a new regulator at FHFA, and Senator Cortez-Masto appears to have awakened many of her colleagues in Congress to the misguided course that Bank US is on. In a recent open letter to FHFA's new leader former FDIC chairman William Isaac and I urged the creation of an advisory committee within FHFA to explore alternative strategies for Bank US. Even this commonsense suggestion has provoked outrage at Bank US.

Here are a few key questions that an advisory committee should address on behalf of the taxpayers:

First, has Bank US adapted to the modern era of financial services in terms of its products and processes? Hint for the committee: Seventy five percent of the mortgages originated today are by nonbanks that are not even eligible to be members of Bank US.

Second, are there significant public goods that the System could provide now given its statutory authority that it is not providing? Hint for the committee: Bank US does not currently finance the housing supply chain, climate change initiatives or job-creating loans to small businesses. Are these not among the: "Challenges and risks that may hinder achievement of strategic goals", as stated on page 13 of the Draft Strategic Plan?

Third, are the taxpayers receiving an adequate return in exchange for their implicitly guarantying the Bank US's debt? Hint for the committee: Perhaps Bank US would be more efficient with fewer component parts and with salaries commensurate with its public purpose and the limited focus of management's responsibilities.

Fourth, in terms of its mission, does the System take a holistic approach in promoting affordable housing or even housing in general? Hint for the committee: Ask Bank US what it is doing for naturally occurring affordable housing (NOAH) which accounts for seventy-five percent of all affordable housing.

These and other fundamental questions need to be asked and answered in a thoughtful way. An independent advisory committee within FHFA or, better yet, a legislative commission with a clearly articulated charter can develop a set of recommendations for how Bank US can be repurposed. Attached here is a first draft of such a bill establishing an inquiry commission for Bank US.

One thing is clear, however. Whether it's an advisory committee or a legislative commission, it must be populated with experienced and open-minded men and women drawn from a wide range of endeavors and not just from the incumbent leadership of Bank US.

Thank you for this opportunity to comment on the FHFA's Draft Strategic Plan.

Yours truly,

CK Hurley

Cornelius Hurley

Prof. Hurley, an independent director of the Federal Home Loan Bank of Boston from 2007 to 2021, teaches at Boston University.

Attachments

AMERICAN BANKER.

January 31, 2022

https://www.americanbanker.com/opinion/its-time-to-rethink-the-mission-of-the-federal-home-loan-bank-system

AN OPEN LETTER
To
SANDRA L. THOMPSON
FEDERAL HOUSING FINANCE AGENCY
Regarding
THE FUTURE OF THE FEDERAL HOME LOAN BANK SYSTEM

Ms. Sandra L. Thompson
Director Designate
Federal Housing Finance Agency
Washington, DC

RE: **The Federal Home Loan Bank System**

Dear Ms. Thompson:

Please add our voices to the chorus of those cheering President Biden's nomination of you as Director of the FHFA. Your extensive record of achievement at the FHFA and the FDIC, indications of senatorial support for your nomination, and the skill with which you handled your confirmation hearing on January 13, leave little doubt that the U.S. Senate will take favorable action on your nomination in the near future.

At your confirmation hearing last month, you took note of the "relatively low earnings" of the eleven banks that constitute the Federal Home Loan Bank System. As we pointed out in a recent article in the *American Banker*, not only are earnings of the System's banks low but their advances have declined precipitously in recent years along with their future prospects.

The System faces at least two strategic challenges. First, it finds itself in the unenviable position of fighting the Fed as the latter has flooded the banking system with liquidity. Second, the System's member/owners consist exclusively of depository institutions and insurance companies at a time when the vast majority of mortgages are being originated by nonbanks that are excluded by law from the System.

The System's secular decline has prompted some to call for consolidation of the eleven regional banks. Others question the very relevance of a System designed to address the challenges of the Great Depression to a modern financial system whose perimeter is being reshaped daily by the forces of competition and financial technology.

It is understandable that in the early days of your tenure as Director of the FHFA you will focus on the future role and structure of the two most prominent GSEs, Fannie Mae and Freddie Mac. We strongly urge, however, that even in the early days you initiate a strategic review of "the other GSE", the Federal Home Loan Bank System.

This review can begin by asking these two key questions: 1) Currently, and for the foreseeable future, does the Federal Home Loan Bank system serve a useful purpose? and 2) Should the System be repurposed to meet the financial needs of the modern era? The answers to these questions are, in our opinion, respectively and emphatically, "No" and "Yes".

The FHL Banks occupy a prominent position in the housing industrial complex, that firmament of lobbyists, lawyers and assorted actors referred to as the "housers" by Joe Nocera and Bethany McLean in their book about the recession of 2008-09, *All the Devils Are Here*. For almost ninety years, they have provided backup liquidity to the banks, credit unions and insurance companies that are the owners of the eleven banks from New York to San Francisco. Moreover, the System has an admirable though understated role in funding affordable housing.

There are many financial deserts, however, for which the oasis of FHL Bank liquidity could provide the same public good as it did to housing in the 1930s. Infrastructure, climate change, small business, economic inequality and serving the unbanked are just a few of the sectors currently outside of the regulatory perimeter of the FHL Banks. It need not be so.

Unleashing the full potential of the System does not mean opening the spigots of federal dollars for every special interest that comes along. The FHL Banks are experienced in the use of haircuts, credit enhancements and sound underwriting to ensure that the modernized mission of the system is caried out in a safe and sound manner under the watchful eye of the FHFA. It is this culture of prudent lending that allows the FHL Banks to boast that not a single dollar has been lost on advances by any of its banks.

To assist you in exploring the possibilities inherent in a reimagined System, we urge that you appoint an advisory committee consistent with the standards of the Federal Advisory Committee Act. From your experience at the FDIC, you realize how effective such committees can be to an agency's executive management.

Members of the committee would be appointed by you and would represent current System stakeholders consistent with the Act. Crucially important, however, would be the appointment of industry leaders and academics who could contribute their creative talents in exploring the *potential stakeholders* of a more modern and relevant System…a System in touch with current demands for liquidity.

To inform the work of the advisory committee we also urge that you issue a call-for-papers on the topic of reimagining the System. In this regard, Acting Comptroller of the Currency Michael Hsu's recent call for papers to address climate change and banking regulation may be instructive. We anticipate that consumer groups, specialty lenders, NGOs, academics and many others will be eager to offer up their ideas about how a System currently in decline can be reinvigorated to serve today's needs.

Of course, we stand ready to assist you in any way we can in this effort.

With every good wish,

Cornelius Hurley
William M. Isaac

*Prof. Hurley was an independent director of the Federal Home Loan Bank of Boston (2007 to 2021). Mr. Isaac, former Chairman of the FDIC (1978 through 1985) and former Chairman of Fifth Third Bancorp, is Chairman of the Secura/Isaac Group.

AMERICAN BANKER

December 1, 2021

https://www.americanbanker.com/opinion/reimagining-the-federal-home-loan-bank-system

Reimagining the Federal Home Loan Bank System

Cornelius Hurley and William M. Isaac

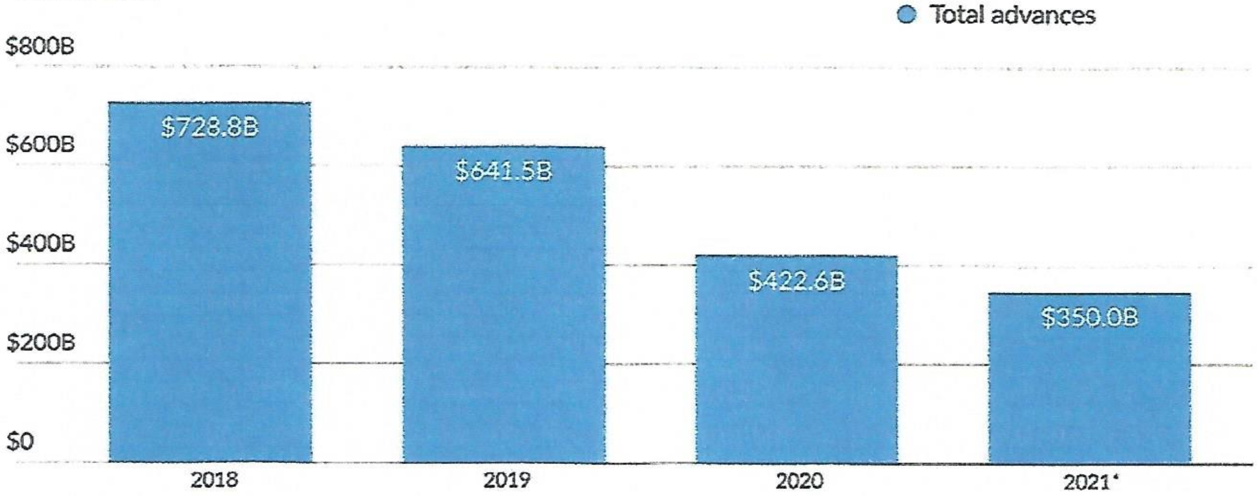
A vital cog of the United States' financial system is at risk. For 89 years, the Federal Home Loan Bank System has been a reliable source of liquidity for most of the nation's banks, credit unions and insurance companies. This remarkable public-private partnership, however, is nearing the end of its relevance.

Created in 1932 during the waning days of the Hoover Administration, the intricate structure of eleven (twelve at the time) banks scattered across the US has been a bulwark of our financial system. Member-owned but federally supported, these eleven banks have provided backup liquidity to their members through secured advances. The System is able to fund itself through debt obligations it issues that carry reduced risk premia due to the implied guaranty of the federal government.

The eleven FHLBanks that make up the System are cooperatively owned by the financial institutions in their districts. This is in stark contrast with their distant GSE cousins, Fannie Mae and Freddie Mac, which were owned by profit seeking shareholders and are now in conservatorship. Each of the eleven FHLBanks devotes a significant portion of its net income to affordable housing and to economic development in its district.

Waning demand

Federal Home Loan bank advances to banks and credit unions have declined by more than 50% since 2018



Source: Federal Home Loan Bank System, Office of Finance (*at Sept. 30)

Through a depression, numerous recessions, the Y2K scare, the savings & loan debacle, and other stresses in the financial markets, the System has been a stable source of funding for financial intermediaries. Long before the Fed rolled out its "urgent and exigent" instruments in the 2008 financial crisis, the System offered an oasis of funding when few others were in sight.

Now, this beacon of the financial system is itself at risk. It is at risk not from any missteps of its own but rather from the pandemic-driven actions of the same federal government that created the System. The Federal Reserve has so flooded the financial system with liquidity that the member owners of the System's banks no longer need to borrow from it thus calling into question its very *raison d'etre*.

**Mr. Hurley is adjunct professor at Boston University School of Law. He has been an independent director of the Federal Home Loan Bank of Boston since 2007. He also serves as chairman of the Community Advisory Board of the American Fintech Council. Mr. Isaac, former Chairman of the FDIC and Fifth Third Bancorp, is Co-Chairman of The Isaac-Milstein Group, The views expressed are solely those of the authors.*

Advances to member institutions, the lifeblood of the System, currently stand at $350 billion. This contrasts with $658 billion two years ago. The System's assets, over $1.2 trillion during the Financial Crisis, now stand at about half of that. Not a blip, this precipitous decline in advances and assets is expected to persist in coming years. Moreover, even when interest rates normalize the System will still face enormous challenges from its members having available to them other competitive sources of funding besides the FHLBanks

It would be easy in light of its declining use and relevance to consign the System to the fate of, say, the Civil Aeronautics Board and other such agencies of government that outlived their purposes. The System, however, is different. As one important study of the System observed, "…they [the eleven Home Loan Banks] make a difference in what gets done in the world." Indeed, they do make a difference…from affordable housing to job creation, to economic development, to preserving community banks, the System and its banks have made a difference.

The question is: Are they relevant going forward?

Most would like to see government and quasi-governmental institutions be as lean and efficient as possible. Focusing this efficiency lens on the System at this point in time could easily lead to the conclusion that the System ought to be disbanded or that the eleven banks should be consolidated. Before consigning it to the bureaucratic dustheap, however, a closer look ought to be focused on its unique business model and how, with modest modifications, it might be repurposed to meet the challenges of the modern era.

The System blends the advantages of federal government support with local on-the-ground insight and control through its semi-autonomous FHLBanks. Each bank is overseen closely by the Federal Housing Finance Administration. The board of each FHLBank consists of member directors and independent directors from its region. All banks are jointly-and-severally liable for the obligations of their peer banks adding a level of self-discipline that is reinforcing. By law and by culture, the System is mission-driven…perhaps even to a fault.

Congress, having created the System, ought to closely reexamine its potential social and economic utility. Such an analysis will likely result in the conclusion that the System's business model, although outdated, is uniquely suited to today's financial needs and challenges.

In this important endeavor, recent remarks by Acting U. S. Comptroller of the Currency Michael Hsu are instructive. He addressed directly the problem facing banks when challenged by fintechs invading their regulatory perimeter. Rather than defaulting to the rote position of expanding the regulatory perimeter of banks to include fintechs, he challenged banks, fintechs and regulators alike to reimagine the regulatory perimeter for the modern era … an approach he described as "leveling up".

Should Congress choose this more enlightened path of leveling-up the FHLBank System, the framework for doing so is relatively clear. Adjustments needed to restore the System's current relevance fall into three categories. Those are: mission, membership and collateral. As a guide in examining each category, to paraphrase the late Senator Robert Kennedy, the most productive inquiry is not "Why?" but "Why not?"

With regard to the System's *mission*, why not expand it beyond housing finance to include financing initiatives in the arenas of climate change, infrastructure development and economic equity? The current mission has been narrowly construed by the FHFA and even more narrowly construed by each of the FHLBanks. Yet the demands of today's economy have raced far beyond those of the 1930s.

Regarding its *membership*, why not open membership eligibility to lenders to the country's small businesses that create two thirds of all new jobs, fintechs that promote financial inclusion, and nonbanks that originate most of today's home mortgages? The leveled-up perimeter will include many of these and, besides, banks and credit unions are a dwindling part of the financial system.

As for *collateral*, why not expand the eligible collateral for System advances to include the many asset classes, in addition to mortgages, that support the new System's more modern mission? Housing is vital but so too are roads, bridges, renewable energy, small businesses and sustainable farms. Why not expand the scope of collateral each System bank can accept as collateral for their advances?

Here is the challenge.

The System enjoys an enormous funding advantage. However, change is unlikely to come from within its ranks. Member institutions tend to view their modest ownership interests in their respective FHLBanks as a claim on each bank's capital. Members generally fail to acknowledge that the capital of each FHLBank, including over $22 Billion in retained earnings, has been accumulated over nine decades largely on the strength of the implied federal guaranty of the System's debt obligations.

The leveling up process should lead each enlightened member-owner of the FHLBanks to recognize that the enhanced value of its investment in a reimagined and dynamic System far outweighs any short-term dilution of its current investment in the FHLBanks which are in a state of secular decline. The System will survive through growth not through one-time expense reductions.

So, change will need to come from enlightened external sources. The Biden Administration's opportunity to nominate a new forward leaning leader (including the nomination of the current acting director) to head up the FHFA is one such source. So too are the many and varied players who could benefit from access to a new and improved System. Nowhere is it written that leveling up must be a painful exercise. It can also open many doors of opportunity.

https://www.americanbanker.com/opinion/reimagining-the-federal-home-loan-bank-system?position=editorial_1&campaignname=V2_AB_BankThink_20211020-12012021&utm_source=newsletter&utm_medium=email&utm_campaign=V2_AB_BankThink_20211020%2B%27-%27%2B12012021&bt_ee=z2Xhbz9OnCYkXahDyCqJc%2FDO4BP1POhkS6YqFxDBgOrDdbD2J9V3vZ%2F3NVZWs38O&bt_ts=1638378027110

117TH CONGRESS

2ND SESSION

S. ____

To address the issues surrounding the Federal Home Loan Bank System.

IN THE SENATE OF THE UNITED STATES

March , 2022

Ms./Mr. ___________ introduced the following bill which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To address the issues surrounding the Federal Home Loan Bank System.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Home Loan Bank Inquiry Commission Act''

SEC. 2. FEDERAL HOME LOAN BANK INQUIRY COMMISSION.

(a) ESTABLISHMENT OF COMMISSION. — There is established in the legislative branch the Federal Home Loan Bank Inquiry Commission (referred to as the ''Commission'') to examine the structure, operations, products, costs and usefulness of the Federal Home Loan Banks.

(b) COMPOSITION OF THE COMMISSION.— (1) MEMBERS.—The Commission shall be composed of 10 members, of whom (A) 3 members shall be appointed by the majority leader of the Senate, in consultation with relevant Committees; (B) 3 members shall be appointed by the Speaker of the House of Representatives, in consultation with relevant Committees; (C) 2 members shall be appointed by the minority leader of the Senate, in consultation with relevant

Committees; and (D) 2 members shall be appointed by the minority leader of the House of Representatives, in consultation with relevant Committees. (2) QUALIFICATIONS; LIMITATION. — (A) IN GENERAL. —It is the sense of the Congress that individuals appointed to the Commission should be prominent United States citizens with national recognition and significant depth of experience in such fields as banking, regulation of markets, taxation, finance, economics, consumer protection, and housing. (B) LIMITATION. —No person who is a member of Congress or an officer or employee of the Federal Government or any State or local government may serve as a member of the Commission. (3) CHAIRPERSON; VICE CHAIRPERSON. — (A) IN GENERAL. —Subject to the requirements of subparagraph (B), the Chairperson of the Commission shall be selected jointly by the Majority Leader of the Senate and the Speaker of the House of Representatives, and the Vice Chairperson shall be selected jointly by the Minority Leader of the Senate and the Minority Leader of the House of Representatives. (B) POLITICAL PARTY AFFILIATION. —The Chairperson and Vice Chairperson of the Commission may not be from the same political party. (4) MEETINGS, QUORUM; VACANCIES. — (A) MEETINGS. — (i) INITIAL MEETING. —The initial meeting of the Commission shall be as soon as possible after a quorum of members have been appointed. (ii) SUBSEQUENT MEETINGS. —After the initial meeting of the Commission, the Commission shall meet upon the call of the Chairperson or a majority of its members. (B) QUORUM. —6 members of the Commission shall constitute a quorum. (C) VACANCIES. — Any vacancy on the Commission shall— (i) not affect the powers of the Commission; and (ii) be filled in the same manner in which the original appointment was made.

(c) FUNCTIONS OF THE COMMISSION.—The functions of the Commission are (1) to examine the current structure and operations of the Federal Home Loan Banks specifically with respect to — (A) the cost of the Banks' operations; (B) the public interest served by the Banks; (C) the relevance of the Banks' mission to current economic conditions; (D) the appropriateness of Bank membership requirements in light of changes in the financial services industry; (E) standards regarding collateral that is or may be eligible to be pledged at the Banks in return for advances; (F) the appropriateness of the Banks' compensation structures in light of their status as government sponsored entities; (G) the costs and the benefits of consolidation of the Banks into one or more banks; and (H) the sustainable role that the Banks can play in remediating the effects of climate change; lending to small businesses and consumers; financing the supply chain of affordable and market rate housing; and, preserving naturally occurring affordable housing (NOAH); (2) to submit a report under subsection (h) building upon the work of other entities, and avoiding unnecessary duplication, by reviewing the record of the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, other congressional committees, the Government Accountability Office, other legislative panels, and any other department, agency, bureau, board, commission, office, independent establishment, or instrumentality of the United States (to the fullest extent permitted by law) with respect to the current financial and economic crisis.

(d) POWERS OF THE COMMISSION. — (1) HEARINGS AND EVIDENCE. —The Commission may, for purposes of carrying out this section— (A) hold hearings, sit and act at times and places, take testimony, receive evidence, and administer oaths; and (B) require, by subpoena or otherwise, the attendance and testimony of witnesses and the production of books, records, correspondence, memoranda, papers, and documents. (2) SUBPOENAS. — (A) SERVICE. —Subpoenas issued under paragraph (1)(B) may be served by any person designated by the Commission. (B) ENFORCEMENT. — (i) IN GENERAL. —In the case of contumacy or failure to obey a subpoena issued under paragraph (1)(B), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, or where the subpoena is returnable, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt of that court. (ii) ADDITIONAL ENFORCEMENT. —Sections 102 through 104 of the Revised Statutes of the United States (2 U.S.C. 192 through 194) shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under the authority of this section. (iii) ISSUANCE. —A subpoena may be issued under this subsection only— (I) by the agreement of the Chairperson and the Vice Chairperson; or (II) by the affirmative vote of a majority of the Commission, including an affirmative vote of at least one member appointed under subparagraph (C) or (D) of subsection (b)(1), a majority being present. (3) CONTRACTING. —The Commission may enter into contracts to enable the Commission to discharge its duties under this section. (4) INFORMATION FROM FEDERAL AGENCIES AND OTHER ENTITIES. — IN GENERAL. —The Commission may secure directly from any department, agency, bureau, board, commission, independent establishment, or instrumentality of the United States any information related to any inquiry of the Commission conducted under this section, including information of a confidential nature (which the Commission shall maintain in a secure manner). Each such department, agency, bureau, board, commission, office, independent establishment, or instrumentality shall furnish such information directly to the Commission upon request. (5) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission— (A) the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its responsibilities under this Act; and (B) other Federal departments and agencies may provide to the Commission any administrative support services as may be determined by the head of such department or agency to be advisable and authorized by law. (6) DONATIONS OF GOODS AND SERVICES. —The Commission may accept, use, and dispose of gifts or donations of services or property. (7) POSTAL SERVICES. —The Commission may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States. (8) POWERS OF SUBCOMMITTEES, MEMBERS, AND AGENTS. — Any subcommittee, member, or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take by this section.

(e) STAFF OF THE COMMISSION. — (1) DIRECTOR. —The Commission shall have a Director who shall be appointed by the Chairperson and the Vice Chairperson, acting jointly. (2) STAFF. —The Chairperson and the Vice Chairperson may jointly appoint additional personnel, as may be necessary, to enable the Commission to carry out its functions. (3) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no rate of pay fixed under this paragraph may exceed the equivalent of that payable for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. Any individual appointed under paragraph (1) or (2) shall be treated as an employee for purposes of chapters 63, 81, 83, 84, 85, 87, 89, 89A, 89B, and 90 of that title. (4) DETAILEES. —Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption. (5) CONSULTANT SERVICES. —The Commission is authorized to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the daily rate paid a person occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(f) COMPENSATION AND TRAVEL EXPENSES. — (1) COMPENSATION. —Each member of the Commission may be compensated at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which that member is engaged in the actual performance of the duties of the Commission. (2) TRAVEL EXPENSES. —While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(g) NONAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT. — The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission.

(h) REPORT OF THE COMMISSION; APPEARANCE BEFORE AND CONSULTATIONS WITH CONGRESS. — (1) REPORT. —On ___________, 2023, the Commission shall submit to the President and to the Congress a report containing the findings, conclusions and recommendations of the Commission on the operations of the Federal Home Loan Banks. (2) INSTITUTION-SPECIFIC REPORTS AUTHORIZED.—At the discretion of the chairperson of the Commission, the report under paragraph (1) may include reports or specific findings on any financial institution examined by the Commission under subsection (c)(2). APPEARANCE BEFORE THE CONGRESS. —The chairperson of the Commission shall, not later than 120 days after the date of submission of the final reports under paragraph (1), appear before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives regarding such reports and the findings of the Commission. (4) CONSULTATIONS WITH THE CONGRESS. —The Commission shall consult with the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, and other relevant committees of the Congress, for purposes of informing the Congress on the work of the Commission. (i) TERMINATION OF COMMISSION. — (1) IN GENERAL. —The Commission, and all the authorities of this section, shall terminate 60 days after the date on which the final report is submitted under subsection (h). (2) ADMINISTRATIVE ACTIVITIES BEFORE

TERMINATION. —The Commission may use the 60-day period referred to in paragraph (1) for the purpose of concluding the activities of the Commission, including providing testimony to committees of the Congress concerning reports of the Commission and disseminating the final report submitted under subsection (h). (j) AUTHORIZATION OF APPROPRIATION. —There is authorized to be appropriated to the Secretary of the Treasury such sums as are necessary to cover the costs of the Commission. Approved __, 2022.

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