



# LAKE-OSCEOLA STATE BANK

*Customer Care - Community Support*

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March 9, 2023

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, D.C. 20218

Dear Director Thompson:

Thank you for your undertaking the "FHLBanks at 100: Focusing on the Future" initiative. While I serve as vice-chair of the FHLBank of Indianapolis, I write in my capacity as President and CEO of Lake-Osceola State Bank in Baldwin Michigan.

Baldwin, the county seat of Lake County, is a village of less than 1,500 residents, located about 90 minutes north of Grand Rapids, Michigan. Lake County has approximately 12,300 residences. We also have the distinct honor of being the poorest county in the entire state of Michigan. Our per capita income over the past 12 months was \$22,434, of which 18.7 percent live below the poverty level. Baldwin Schools is the only school in Lake County. The school has 97% free and reduced lunch and a student body that is made up of 17% African American, 7% Hispanic/Latino and 15% Multi-racial. Our bank is the only bank serving Lake County and in order to meet their banking needs, we have three offices spread throughout the county. Without our presence, Lake County would be an unbanked community. Lake County is a wonderful community to live in, but we face significant economic and social challenges.

At Lake-Osceola State Bank, we take our role as a community leader to heart, and actively support small business owners as well as our local residents. We also play a leadership role in our community, supporting the local Federally Qualified Health Center, the Lake County Community Foundation, the local school and many other organizations.

Due to the economic conditions, we struggle to find opportunities for FHLB AHP grants, as developers are not eager to invest in Lake County and in all fairness the opportunities have not been available. We have however been able to utilize the voluntary programs such as NIP, HOP and AMP each year. I was very supportive when the FHLB of Indianapolis voluntarily increased their affordable housing contribution by 25%. This means more of our residents will get the help they need to improve their homes. As you can imagine many of the homes in Lake County are in poor condition and having access to these programs have been life changing for our residents. Over the past 10 years we have been able to assist 70 residents for a total of \$531,270. There is never a lack of need when it comes to home repair for our low to moderate income households. In addition to these programs FHLB of Indianapolis has always been there

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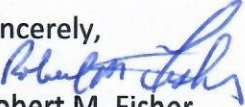
for our liquidity needs. Our typical advance is an amortizing advance that supports our mortgage lending by providing low cost, longer term funding. It is also worth noting how important FHLBI was to us during the 2008 economic crisis and during the pandemic. During a time when our correspondent banks were either closing down or reducing our lines of credit, FHLB of Indianapolis was there for us when we needed them. We trust in and depend on the FHLB System as our primary off balance sheet liquidity source.

As I listen in on the various roundtable meetings, I become concerned when there are discussions about the viability of the FHLB system. Having "local" access to the FHLB system is a huge part of the reason Lake-Osceola State Bank can be impactful in our community. We would be challenged to serve rural Lake County as we do without access to credit and the affordable housing programs that are offered through the FHLBank of Indianapolis.

Over the past 12 months I have had the honor to speak with you during your visit to the FHLB of Indianapolis and at the FHLB System Council meeting in January. In each of those encounters I spoke of our low-income communities we serve and how important FHLB of Indianapolis has been over the years. Your responses were consistent and comforting, in that you described your belief that FHLBanks are important and viable to community banks.

The FHLBanks have evolved since their creation in 1932, as has the financial services sector. As you consider potential changes coming out of your review of the FHLBank system, I would respectfully ask that you be mindful that any legislative or regulatory revisions do not impair the value of the partnerships between community banks like Lake Osceola State Bank and the FHLBanks. I wholeheartedly support enhancements that would further strengthen the ability of small community banks like ours to serve local businesses and residents. Support of community-based financial institutions is an important public policy rationale for maintaining a strong, regionally-focused FHLBank System.

Sincerely,



Robert M. Fisher

President and CEO