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## Additional Views on H.R. 1427, "Federal Housing Finance Reform Act of 2007"

I voted for H.R. 1427, the Federal Housing Finance Reform Act of 2007 that makes important improvements to the regulatory structure governing our government sponsored enterprises--Fannie Mae, Freddie Mac and the Federal Home Loan Banks. The work of the Treasury Department in reaching agreement with Chairman Frank on the central issues in this debate has struck the right balance and I am confident that additional fine tuning will occur as the process moves forward.

Section 210 of H.R. 1427 includes a provision I authored in the last Congress directing the GAO to study the work that Federal Home Loan Banks are doing to assist long-term care facilities and to advise the new regulator how these lessons might be applied to Fannie Mae and Freddie Mac. With a growing need for taking care of our elderly population, every conceivable response must be explored.

One area of great interest to me is the role of Federal Home Loan Banks in partnering with member institutions and local governments to support economic and community development. This is in addition to their great work with affordable housing and providing liquidity and capital market access to member banks.

I can point to many examples in my own district of how the Federal Home Loan Bank of Pittsburgh is already making a tremendous difference in economic development. A senior living facility for dementia and Alzheimer's patients was helped by the Bank's letter of credit. A local elementary school benefited from the Bank's low-interest community development financing and a small high tech business, Custom Processing Services received small business funding through their Banking on Business program.

The Bank is also a catalyst for important partnerships. In Reading, Pennsylvania, Al Boscov, who built Boscov's department stores to become the largest privately held department store chain in the country, has used his energy and commitment to public service to found a non-profit, Our City Reading, that has partnered with two local institutions, Sovereign Bank and Leesport Bank, to access over \$1 million of FHLBank grants. These funds are being used in Mr. Boscov's inspirational quest to revitalize Reading.

I want the FHLBank of Pittsburgh be able to do more to help Reading, and challenged communities throughout its three-state district. As federal and state budgets grow tighter, the FHLBank System could become an increasingly important partner in economic and community development. While they must operate programs that enable their members to realize a return on their equity, Federal Home Loan Banks can make important contributions in meeting these challenges.

H.R. 1427 adds 'housing finance and community and economic development' to the mission of Federal Home Loan Banks. This is an important step and builds off the statutory recognition of this role found in FIRREA and the Gramm Leach Bliley Act.

This statutory change should enable Federal Home Loan Banks to do even more as they partner with member institutions, local governments, health care providers and other key leaders in local communities. This language sends a clear signal of congressional intent to the new regulator that the mission of the Federal Home Loan Banks includes supporting economic and community development through advance programs, new business activities, letters of credit, investment powers, and the acquired member asset programs.

I think that the letter from the National League of Cities that was inserted into the hearing record by Chairman Kanjorski says it very well. The letter states, 'The NLC supports efforts at the legislative and regulatory level allowing FHL Banks and their members to build on these successful partnerships with local governments and expand their impact. We are not advocating mandatory program impositions on FHL Banks. Rather we want to see a statutory and regulatory environment that will support and encourage further development of new ways to support public finance and infrastructure in a partnership with Federal Home Loan Banks, their members, and local governments.'

I wholeheartedly support the sentiment expressed by the League and am glad that this legislation will help support that goal.

JIM GERLACH.