Federal Housing Finance Board

News

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OPENING STATEMENT BY CHAIRMAN JOHN T. KORSMO
OF THE FEDERAL HOUSING FINANCE BOARD AT PUBLIC HEARING

This is an educational hearing designed to give the Board and interested members of the public basic information about the uses of unsecured extensions of credit by the Federal Home Loan Banks.

Given the complexity of some of the issues involved, I thought we should have this hearing on the record to gain a deeper understanding of how Banks use unsecured lending.

I want to emphasize, however, that to my knowledge, no Bank has ever experienced a loss on one of these investments. They have extensive experiences with this form of financial transaction. We are raising no red flags today, we are merely raising our level of understanding.

Before we begin, I invite Director Leichter to provide an explanation of his concerns regarding the unsecured extension and to explain what he hopes the Board can accomplish beginning with today's hearing.

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