“The Job We Do”
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I have one, clear message to share today: *The Federal Home Loan Banks and the nation’s community banks will be critically important to the recovery of the U.S. economy.*

Our institutions are strong. We are rooted in our communities and that makes a difference to us and the people we serve.

Make no mistake: we are challenged by an economy in turmoil. These are tough times. And they demand a seriousness of effort and strength of spirit.

Every financial institution faces the challenge. Community banks and their Federal Home Loan Banks are no exception.
We have the hard task of solving complex, important matters.

In the foreground for us has been the difficulty in how we account for mortgage securities.

For so long, home mortgages were bedrock of the American financial system. I believe that will remain true.

But faith in homeownership, and the system that supports it, has been shaken. And there are many causes. One has been the deterioration of the mortgage-backed securities market.
Once the economy declined, investors shunned non-guaranteed assets. They didn’t know how to price them.

Mark-to-market accounting principles were intended to provide greater transparency. But in the crisis, these principles confused the market. This happened at a time when confidence is needed most.

Now the Financial Accounting Standards Board has ruled. We are analyzing the impact of the Board’s decision.

We will make sure we fully understand the impact of that decision. And we are working quickly to do so.
As a System ... and as individual financial institutions ... we are committed to the principles of transparency.

That’s why there is no greater priority for us right now than to resolve all accounting issues. That will help maintain full confidence in the System.

Amidst all the challenges presented by the nation’s financial crisis, the Federal Home Loan Banks have excelled in carrying out the job we are designed to do.

We have safely provided hundreds of billions of dollars in secured credit to thousands of member institutions. We have done so at a time when many traditional sources disappeared.
The stability and importance of the Federal Home Loan Banks has been widely acknowledged.

The Federal Reserve, the Congress and our regulators agree. It’s they who have said the Home Loan Banks are an essential source of stable, low-cost funds to financial institutions.

The Federal Home Loan Banks demonstrated their value by making more than $400 billion in funding to members in the first 12 months of the credit crisis.

In fact, with its members, the Home Loan Banks represent the largest source of home mortgage and community credit in the nation.
The nation’s current financial crisis was built largely on risky, top-down schemes. It will take time to recover from that mistake.

It won’t be easy. And yet the crisis presents an opportunity for us to embrace one of the most enduring of American ideas: a return to basics.

It’s time to rely on the Federal Home Loan Banks and their members to help re-establish the belief in financial products and solutions that originate in our communities.

When we do, the nation’s economic recovery will be more sustainable. This time it will be done from the ground up.
As always, it is our job to serve the needs of those who create the economic strength of our cities, towns and rural communities.

That’s because local economies need a stable source of credit to support job creation and the housing markets.

Community banks are the financing engines for local economies across the nation. And the Federal Home Loan Banks have always been a critical component of community banks’ funding of new loans, especially during economic crisis.

We will continue to provide funding for housing and economic development throughout the country.
Working with our members and all of our partners, the Federal Home Loan Banks will support efforts to stabilize communities and help strengthen the U.S. economy once again.

That’s our job. That’s always been our job.

Working with our members, we will continue doing it well.
I want to close our conference with something that perfectly illustrates that point. The Federal Home Loan Bank of Des Moines has just completed a new video that tells the story very well.

Take a look.

[video plays; after video plays]

That says it all, doesn’t it?

Thank you everyone for a great Directors’ Conference. It was a great pleasure being together once again.

Thank you for coming. And have a safe trip home.