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2016 Directors Conference
Washington, DC
May 2016*

My message today to you is this: As leaders of this great system of 11 individual and cooperatively owned banks, we must work together to speak with one voice ... keep our commitments... and prepare for the years ahead ... as the Federal Home Loan Banks approach the beginning of our second century.

As directors, your role in the success of your Bank and *all* the Federal Home Loan Banks is invaluable.

You provide direction for these extraordinary institutions. It's that strategic function you perform to support the vision, mission and goals of your Bank ... which makes your positions so incredibly important.

Equally critical to the continuing success of your Bank is the fiduciary duty each of you take on ... to protect your Bank's assets and the investments of all your members ... as well as the job you do in the monitoring and control function you oversee through the auditing process.

The industry and the nation owe you an enormous debt of gratitude for your service. Thank you for your dedication, judgement and the unique skills that you bring to the table on behalf of your members and communities.

We hope that this annual conference adds great value for you in carrying out the duties and responsibilities that you're asked to perform as a board member of a Federal Home Loan Bank.

I believe this year's conference is happening at a special time when we may well be on the verge of some serious, new activity here in Washington.

Once our nation in November decides who will be our next president ... we may see an accelerated effort to address issues around housing finance reform, banking regulation, tax policy and the federal budget.

These will be issues that will take time to resolve and will have impacts on *all* Federal Home Loan Banks for many years to come.

No matter how the policy agenda of housing and banking takes shape ... it will be up to us to be seen by others as fully committed to our mission ... and heard by others as speaking with one voice about the value of what we do together as a system of 11 individual Federal Home Loan Banks.

When we do just that, we will be effective in preserving the ability of all Federal Home Loan Banks to serve the American people through our member institutions.

We will be in good position to be forceful. By all measures, the Federal Home Loan Banks remain one of the strongest and most stable components of the global financial system.

Across the 11 Banks, our capital is strong and growing.

The asset quality of the loans in our portfolios remains high.

Revenue remains steady.

The level of liquidity provided to support housing finance and community investment continues to be reliable and robust.

And our contribution to affordable housing and community development through the Affordable Housing Program continues to be highly valued by our partners.

In the Federal Home Loan Banks ... we have one heck of a thing that works well for member institutions ... and for the American communities our members serve.

We are viewed as a system that works ... and that's a pretty big deal ... when you consider the amount of skepticism that many others face in the financial arena.

That credibility will be critical, especially when housing finance reform and other big issues and challenges begin to surface sometime after the November elections.

There will be many policy dialogues which could have very important impacts on the Federal Home Loan Banks and their members.

One way or another, we will be participants in the policy-making process. It's hard to say exactly how. But it's pretty easy to imagine the variety of ways it might occur.

So in preparation, we have a job to do as stewards of these 11 institutions ... a job that we can and must accomplish together.

It's our responsibility to assure policymakers that the Federal Home Loan Banks help local lenders invest in their communities for housing, jobs and economic growth.

We can do that by communicating the fact we never, ever lose sight of the promises embedded in our mission.

I am speaking of the commitment to operate in a safe and sound manner ...

... To serve our members ... and help our members best serve their customers and communities

... To break down barriers and create opportunities ...

... To reflect a changing America ...

... And to work well for *all* Americans.

Currently one of the ways we are demonstrating our commitment is by working closely with the FHFA and our housing partners in an effort to modernize the AHP.

Congress put into place the Affordable Housing Program more than 25 years ago ... to provide grants for low-and-moderate-income housing initiatives.

AHP uses no taxpayer dollars. Each Federal Home Loan Bank sets aside 10 percent of its annual net earnings for the program.

The program's success speaks for itself ... more than \$4.4 billion so far to assist in the purchase, construction or rehabilitation of more than 724,000 housing units.

Yet, while affordable housing needs ... and the way the industry responds to those needs ... has changed dramatically over the course of the last quarter century ... the AHP regulation itself has remained virtually unaltered.

The AHP modernization project is a regulatory update initiative of the FHFA ... and not an effort led by the Banks.

But it's important to note that the Banks are committed to working closely with the FHFA to share with the agency what we've learned about how the program works for real people in real places around the country.

For the past two years, we've shared with the agency the issues concerning practitioners working under the current regulation and exam practices ... and what recommendations those practitioners have for improving the program.

We greatly appreciate the effort the FHFA has devoted to engage to reach out and collaborate with a diverse group of AHP stakeholders.

Our work together in the modernization of AHP is but one example of the Banks staying true to our commitments and speaking with one voice on issues of mutual interest.

In doing so, we've expanded our collective understanding about AHP's value and its role in supporting the Banks' overall mission to help serve the housing finance and community investment needs of Americans.

That's important because we always need to keep in mind that very human side of what our business is about.

Understandably, we can get wrapped up in running the business and we often can forget to remember where the rubber meets the road.

Within sixteen years, we will be arriving at the beginning of the second century of the Federal Home Loan Banks. That will be in the year 2032.

That may sound far off ... but not to someone who remembers the year 2000 as if it were yesterday.

And there are literally millions of ways that our work ... now and in the future ... makes a difference. That's because there are millions of people who benefit from what we do together.

From the AHP and related program ... to our core responsibilities in producing funding and liquidity ... to our multiple mortgage programs ... to the management of our balance sheets.

All of it ... *all* of it ... affects individual Americans everywhere in the most positive ways.

Imagine an excited, first-time homebuyer in the year 2032 ... right now maybe he's graduating high school.

Or a college-bound daughter of a landscaping foreman and a dry cleaner worker who is dreaming today of opening her own engineering firm when she's in her 30s

Or think of the youngest son of a poor family ... living somewhere in an overpriced, overcrowded, run-down apartment ... tonight he falls asleep imagining his family living in a safe and affordable place by the time he's a teenager.

And somewhere there's an up-and-coming entrepreneur in a small community who is looking ahead to the time when she can become a local leader who will help revitalize her hometown.

There are countless stories out there just waiting to happen ... and those stories belong to Americans all across the country.

And whether those who dream of a better life for themselves and their families ... whether they ever actually think about the Federal Home Loan Banks and the member institutions you represent ...

... I can certainly tell you those folks probably aren't sitting around the dinner table talking about our "liquidity" or "par value stock" or "joint and several liability".

All that matters to them is that our nation has strong and stable financial institutions standing up and working for them.

Well ... that's us. The Federal Home Loan Banks and their 7,000 members.

And those folks want to know that we are serving their needs and the needs of their communities.

Well ... that's what we do.

And that's how we've earned our good reputation.

As long as we keep doing it right, we will preserve the value of that good reputation.

And I believe that by first and always focusing on the real people we serve ... we create a sustainable future for the Federal Home Loan Banks and their members.

I emphasize this because inevitably ... there will be proposed changes ahead in the banking and housing arena.

And each time a policy challenge of any kind arises, we will manage that challenge best by running our businesses well ... so that we can always be there for the people and communities we're called upon to serve.

In doing our work, we change lives for the better ... as we continue to abide the Federal Home Loan Banks' congressionally chartered mission to provide reliable liquidity to member institutions in support of housing finance and community investment.

That's why we're here.

And when we walk that walk ... and when we communicate our commitment to others in a consistent and unified way ... then step by step, the Federal Home Loan Banks and their members forge the path to a successful, second century of service to all Americans.

Thank you ... and thank you for all you do in our work together.