

*Michael M. Horn
Chairman
Council of FHLBanks
2017 Directors Conference
Washington, DC
May 2017*

We get together often as individual boards ... but only once a year as a collective group of boards ... representing the more than 7,000 Federal Home Loan Bank members nationwide.

I believe it's important to gather this way. Not just for the camaraderie and continued education. Not just to celebrate the strength and importance of the Federal Home Loan Banks.

But also, to reflect on how it is *only* through our collective efforts that we ensure that these 11 great institutions ... together ... endure as a strong and central part of the nation's financial system.

Of course, the Federal Home Loan Banks are known as a reliable "model that works". For that we should be very proud. You must work long and hard to earn a positive reputation like that.

Why are we known as a model that works? Well, I believe it boils down to this:

Our MEMBERS are the core strength of the Federal Home Loan Banks.

It is the fact that we are member-owned that makes the Federal Home Loan Banks work so well.

It is our members who keep us focused on the needs of our communities.

It is members who insist the Federal Home Loan Banks remain sound, prudent, well capitalized and well managed.

It is members who allow us to maintain a deep and liquid global market for Federal Home Loan Bank debt.

Taken together, that's what makes this thing tick ... and what keeps lendable funds flowing to support jobs, housing and local economic growth.

Without the Federal Home Loan Banks, it would be more difficult for lenders to make loans to families, farms and businesses. Credit would be tighter and more expensive.

Every community needs capital and credit flowing to it. That's the money that keeps communities vibrant. And that's what we're known to do ... *we keep it flowing*.

That's the beauty of the Federal Home Loan Banks. For 85 years, we have served our members and their communities in all economic cycles.

We've stayed strong ... we've taken no government money ... and we've been a critical source of reliable liquidity to local lenders ... even when other sources of liquidity disappeared.

And in an era when the entire financial system is under a microscope, being a model that works is enormously valuable.

In a time when larger policy changes could be underway, it is important for us to remain steadfast in preserving that model.

We are in an environment in which there will be lots of legislative and regulatory proposals ... with only a few or even none that will actually mention the Federal Home Loan Banks.

Don't let that fool you.

In present-day Washington ... whether by explicit proposals of law, or by the Law of Unintended Consequence ... *everything* is in play.

When we are amidst public debate over housing finance reform, tax policy, infrastructure proposals and regulatory relief ... and there's not a "FHLB" citation in sight ... we might still be compelled to protect the fundamental components of the Federal Home Loan Bank model ...

...*Every* component of the model ...

... Its cooperative structure. Its membership requirements. Its reliance on members big and small ...

... Its joint and several nature. Its investment authorities. Its ability to help members to compete in the mortgage markets ...

... Its ability to produce the largest, private source of funds for affordable housing ...

... Its ability to remain a cost-efficient, evenly priced source of short and long term funding.

We take these things for granted ... at our own peril.

We preserve them ... only on our own volition.

I am very confident in the ability of the Council of Federal Home Loan Banks ... working with all of you ... to be resolute in our continued commitment ... assuring that the Federal Home Loan Bank model will be preserved ...and that it will continue to work to the benefit of all Americans.

The Federal Home Loan Banks will remain an important part of the nation's housing finance and community lending system.

And they will continue to play an essential role in helping local lenders of all sizes meet the credit needs of their communities in all economic cycles.

It was Dr. Albert Einstein who said: "Nothing truly valuable can be achieved except by the unselfish cooperation of many individuals."

That's what I see going on in this room and throughout the Federal Home Loan Banks.

And for that ... I thank you ... and I thank you for all the fine work you continue to do on behalf of all communities and Federal Home Loan Bank members ... everywhere throughout our great country.