

**“The Job We Do”**  
**Michael J. Guttau**  
**Chairman**  
**Council of Federal Home Loan Banks**  
**April 22, 2009**

**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.**