

Resolution No. 1

Date: April 23, 2010

City: Washington, DC

NAHB Resolution

Title: Future of the Federal Home Loan Bank System
Original Sponsor: Housing Finance Committee

WHEREAS, the ability of the home building industry to meet the demand for housing, including addressing affordable housing needs, and contribute significantly to the nation's economic growth is dependent on an efficiently operating housing finance system that provides adequate and reliable credit to home buyers and home builders at reasonable interest rates through all business conditions;

WHEREAS, the Federal Home Loan Bank (FHLBank) System is an essential component of the U.S. housing finance framework, serving as a key source of liquidity for depository institutions for loans to home buyers and home builders as well as credit for community and economic development;

WHEREAS, the FHLBank System was established by Congress as a housing government-sponsored enterprise (GSE), to provide a status that allows the FHLBanks to borrow at favorable rates and convey those interest savings to home buyers and renters through the lending programs of FHLBank member institutions;

WHEREAS, each of the twelve FHLBanks is owned cooperatively by its financial institution members and increases in member borrowing from a FHLBank require members to purchase additional FHLBank shares, which maintains an adequate capital reserves in the System through all stages of the economic cycles;

WHEREAS, the Federal Home Loan Bank System is self-supporting through funding that is raised by issuance of securities backed collectively by all twelve FHLBanks, and the FHLBanks have never required infusions of taxpayer funds.

WHEREAS, during the recent period of mortgage and financial market turmoil, the FHLBanks played a vital role in sustaining mortgage liquidity for depository institutions;

WHEREAS, the FHLBanks are required to contribute a 10 percent of their net income for use in an Affordable Housing Program that is a major source of support for affordable housing production for home owners and renters;

WHEREAS, the FHLBanks are significantly different from the other housing GSEs, Fannie Mae and Freddie Mac, in terms of both structure and operations;

WHEREAS, the Administration and Congress are now considering the longer-term future of the housing GSEs, including the FHLBank System;

WHEREAS, the implementation of major changes to the housing finance system, while intended to correct flaws in the previous structure, must be undertaken thoughtfully and carefully to avoid severe adverse consequences for home buyers, home builders, the financial markets and the U.S. economy;

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge policy makers not to undertake any changes to the housing finance system in a manner that will diminish the favorable cost of funds for the Federal Home Loan Banks or impair their role in providing liquidity to construction and mortgage lending institutions providing mortgage and housing production credit, support for community and economic development, and resources to address affordable housing needs.

BE IT FURTHER RESOLVED that the regulation of the mission and safety and soundness of the Federal Home Loan Bank System should reflect the uniqueness of the System's mission, cooperative operating structure, charter type and other characteristics.

Board of Directors Action:
Executive Board Action:
Resolutions Committee Action:
Federal Government Affairs Committee Action
Housing Finance Committee Action:

Approved
Recommends Approval
Recommends Approval
Recommends Approval
Recommends Approval