

Resolution No. 3

Date: January 14, 2011

City: Orlando, FL

NAHB Resolution

Title: The Importance of Large Institutions as Members of the Federal Home Loan Bank System  
Sponsor: Housing Finance Committee  
Submitted by: Ed Brady, Kent Conine, Jerry Eid, Gary Garczynski, Mike Hannigan, Bob Nielsen, Charlie Ruma, Larry Swank, Dave Wilson

WHEREAS, the twelve regional Federal Home Loan Banks (FHLBanks) have served as important sources of funds for liquidity and housing credit since the establishment of the Federal Home Loan Bank System by Congress in 1932;

WHEREAS, the FHLBank System responds to the U.S. economy when housing capital is dramatically restricted, such as during the recent financial crisis in 2007-2008 when the FHLBanks provided almost \$300 billion in additional liquidity to members;

WHEREAS, a source of continuing strength for the FHLBanks has been their cooperative ownership by over 8,000 large and small member institutions;

WHEREAS, the financial success of the FHLBanks depends on the extent to which members use advances, thereby providing revenues and earnings that permit the Banks to make reasonably priced advances, pay dividends to all members and provide affordable housing grants;

WHEREAS, large depository institutions hold the majority of assets in the banking system and are major providers of mortgage credit for borrowing families and housing production credit for home builders;

WHEREAS, large institutions are members of FHLBanks and, reflecting their size, are substantial borrowers of advances from FHLBanks and represent a substantial portion of FHLBank revenues and earnings;

WHEREAS, questions have been raised about whether large member access to FHLBank advances should be limited; and

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WHEREAS, the ability of the FHLBank System, and its community institution members, to fulfill their mission of providing residential and affordable housing credit would be adversely affected if any members based on size were eliminated or activity with them curtailed,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the Federal Housing Finance Agency (FHFA) and Congress to maintain access to FHLBank advances for all member financial institutions regardless of size.

Board of Directors Action:	Approved
Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Financial Institutions and Capital Markets Subcommittee of the Housing Finance Committee Acton:	Recommends Approval