



September 8, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth Street N.W.  
Washington, D.C. 29429

Re: Comments regarding Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

Reference is made to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, I write to address the FDIC's request for comment on whether Federal Home Loan Bank (FHLBank) advances should be included in the definition of volatile liabilities or, alternatively, whether higher assessment rates should be charged to institutions that have significant amounts of secured liabilities. The Allentown Rescue Mission believes that enacting this rule would be harmful to FHLBanks, their member institutions and affordability and access to housing.

FHLBanks and their members are the largest source of residential mortgage credit in America. It is this credit that has created record homeownership rates and allows homeowners to use the equity in their homes for improvements, retirement and even college tuition.

By penalizing the use of FHLBank advances, institutions will be forced to either seek less attractive, potentially more expensive funding or curtail their lending. In either case, consumers and especially those on the lower end of the economic scale will be hurt by higher costs and a tighter credit market.

The profits generated by FHLBanks, primarily through their advance products, contribute to the largest low-income housing grant program in the nation. Every year, FHLBanks contribute ten percent of their profits to affordable housing grants. Homeless shelters, first-time homebuyer projects and housing for substance abuse recovery are just

three examples of projects that have benefited from FHLBank's Affordable Housing Program (AHP).

Since 1990, the AHP has provided over \$2.3 billion for these activities. An unwarranted reduction in FHLBank advances would result in fewer dollars for these projects. Recently the Allentown Rescue Mission, a shelter for the homeless and addicted, received a grant from the FHLBank-Pittsburgh. It is being used to create more housing for those in need, to put its two 106 year old buildings in compliance with applicable codes, and to provide improved access for the handicapped. Without this FHLBank grant, these improvements would be extremely difficult for the Mission to accomplish.

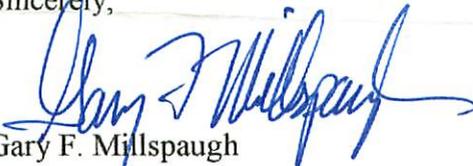
FHLBank advances are not a volatile liability for members. They come with set, predictable terms allowing efficient balance sheet management. Unlike deposits, advances do not diminish when market forces or consumer habits change.

FHLBanks themselves are a core part of the American banking system. As created by Congress in 1932, they have been the standard for stability, surviving the swings of markets, interest rates and business cycles. Their cooperative structure, joint and several liability and conservative business models ensure the future availability of advance products for their over 8,000 members.

When Congress created the FHLBank System its goal was a steady stream of mortgage credit through advances. Congress reiterated its support of advances by expanding access to this funding in the Gramm-Leach-Bliley Act. This proposal, which seeks to penalize the judicious use of advances runs contrary to the actions and intent of Congress.

Thank you for your interest in this important matter.

Sincerely,



Gary F. Millspaugh  
Executive Director