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To: Comments
Subject: RIN Number (3064-AD09)

September 20, 2006

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street,NW
Washington, DC 20429

Attention: Comments

RE: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

I am writing concerning about the proposed change in regulatory language that would reclassify Federal Home Loan Bank advances as "volatile liabilities". In the alternative, it is my understanding that higher assessment rates are being proposed for institutions that have significant amounts of secured liabilities. After reviewing the merits of this proposed rule I have concluded that its enactment would be extremely harmful to the Federal Home Loan Banks and our efforts to expand the supply of affordable housing in Pennsylvania.

It is my understanding that the proposed rule will have the effect of penalizing the use of FHLB advances. From my service on the Federal Home Loan of Pittsburgh Affordable Housing Advisory Council, I have learned that these advances have allowed member banks to lend in their communities to support homeownership, one of our cherished goals in this country

One effect of this rule is to force the members institutions to seek more expensive funding for these loans. No doubt, this will have a chilling effect on people seeking loans for home purchases. Even worse, the rule may cause member banks to curtail their lending altogether.

If advance products are not used as heavily by member banks as a result of this rule, the profits of the Federal Home Loan Banks will be reduced. This will have a deleterious effect on efforts to expand the supply of affordable housing because every year the FHLBanks contributes 10% of their profits to support affordable housing initiatives.

We have used these funds for a variety of projects that have not only created much needed affordable housing, but have strengthened communities as well.

I will not pretend to be an expert on what constitutes a "volatile advance". However, the set, predicable terms of these advances would not seem to be volatile in any way. The statutes creating the FHLBank system and subsequent amendments to those statutes have emphasized the need for a steady stream of mortgage credit for advances.

Based on these concerns, I would hope that the FDIC recognizes the flaws in the proposed rule and reassesses the need for the proposed rule.

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