



November 11, 2008

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

Skywalk Level
801 Walnut Street, Suite 200
Des Moines, IA 50309-3513
515.281.1000
800.544.3452
www.fhlbdm.com

Attention: Comments – RIN No. 3064-AD35
Re: Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

As members of the Affordable Housing Advisory Council (AHAC) of the Federal Home Loan Bank (FHLB) of Des Moines, we are submitting the following comments regarding the Federal Deposit Insurance Corporation's (FDIC's) proposed rule concerning deposit insurance assessments. We appreciate the opportunity to address this important issue and urge you to refrain from increasing bank deposit insurance premiums based on the use of FHLB advances.

The AHAC is a diverse group of people from throughout the FHLB's district that provides advice on the housing and community developments needs of the region. We are directly involved in programs that serve the needs of the surrounding communities. We come from state, community and nonprofit groups.

For nearly eight decades, the FHLB, their member financial institutions and the communities they serve nationwide have benefited from FHLB advances. These advances function as a critical source of credit for housing and community development purposes, sustain prudential financial management practices and enable small community member banks throughout the nation to remain competitive. Penalizing FHLB members for using advances will have the effect of restricting the flow of credit to communities, which would further weaken local economies.

A regulation that discourages the use of FHLB advances, or has the effect of increasing the cost of FHLB advances, will decrease the profitability of the FHLBs and have a harmful effect on the Affordable Housing Programs (AHP) of the FHLBs. By law the FHLBs contribute 10% of their net earnings to their AHP. Reducing FHLB profitability will also reduce their AHP contributions.

The AHP is one of the largest private sources of grant funds for affordable housing in the five-state district served by the FHLB Des Moines. In the first six months of 2008, a combined total of approximately \$7.6 million was made available for regional housing projects. This is an increase of 4.1% over the same period of time last year. Since the program's inception in 1989,

Mr. Robert E. Feldman

November 11, 2008

Page 2

over \$164 million in AHP funds have been committed by the FHLB Des Moines to help finance in excess of 34,500 housing units.

Additionally, the FHLB Des Moines supports community development activities through its Community Investment Advances program (CIA). The CIA directs lending towards economic development programs that are located in low to moderate income neighborhoods. This funding provides loans for a variety of small businesses, commercial/industrial, social-service or public-facility initiatives, and infrastructure initiatives. Total CIA lending is now approaching \$5.5 billion, financing more than 27,000 housing units and thousands of economic development projects.

In an era when it is difficult for any entity to find reliable sources of financing, it is vitally important to preserve the funding that the FHLB Des Moines provides to communities across Iowa, Minnesota, Missouri, South Dakota, and North Dakota. In considering a final rule concerning deposit insurance assessments, we strongly urge the FDIC not to adopt a policy that would penalize institutions based on their use of FHLB advances.

Sincerely,

A handwritten signature in cursive script that reads "Freddie L. Davis-English". The signature is written in black ink and is positioned below the word "Sincerely,".

Freddie Davis-English
Chair, FHLB Des Moines Advisory Council