

# *Shea Development Group*

*Creating Homes Affordable to All*

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November 10, 2008

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

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 of Atlanta, we are submitting the following comments regarding the Federal Deposit Insurance Corporation'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 Federal Home Loan Bank (FHLBank) advances.

The AHAC is a diverse group of people from throughout the Bank'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 FHLBanks, their member financial institutions and the communities they serve nationwide have benefited from FHLBank 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 FHLBank 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 FHLBank advances, or has the effect of increasing the cost of FHLBank advances, will decrease the profitability of the FHLBanks and have a harmful effect on the Affordable Housing Programs (AHP) of the FHLBanks. By law the FHLBanks contribute ten percent of their net earnings to their AHP. Reducing the FHLBanks profitability will also reduce their AHP contributions.

The AHP is one of the largest private sources of grant funds for affordable housing in the country. In the first six months of 2008, a combined total of approximately \$176 million was made available for regional housing projects. This is an increase of 24.8% over the same period of time last year. Since the program's inception in 1989, over \$3 billion in AHP funds have been committed by the FHLBanks to help finance 600,000 housing units.

Additionally, each FHLBank supports community development activities through their Community Investment Programs (CIP). The CIP 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 CIP lending is now approaching \$50 billion, financing 650,000 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 FHLBanks provide to communities across the nation. 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 FHLBank advances.

Sincerely,



Leonard S. Vaughan, Principal