ORK COUNTY
COMMUNITY
ACTION
CORPORATION

13 November 2008

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

Re: Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

On behalf of York County Community Action Corporation I am submitting the following comments regarding the Federal Deposit Insurance Corporation's proposed rule concerning deposit insurance assessments.

Community banks rely upon the Federal Home Loan Banks advances as a critical source of credit. The liquidity that is offered to the community member banks by the FHLBanks is a primary source of capital that fosters housing and community development. In this period of financial distress the member community bank becomes an even more vital component in sustaining local economies. The cost and accessibility of liquidity to member community banks is essential to managing this economic crisis on Main Street.

The proposed rule to increase Deposit Insurance Assessments for financial institutions that use FHLBank advances in excess of 15 percent of domestic deposits proposes to be a detriment to the viability of community banks and local economies. If the proposed rule is enacted, member bank's operating costs will increase while limiting ready access to cost effective lending. This action, without doubt, will result in a high probability of a decrease in lending by member community banks to the local community, further negatively impacting local economies.

This action will undercut and unravel the intent and impact of the Community Reinvestment Act. For many years the member community banks have made the financial and philosophical commitment to sustain and improve investment in the local economy. This is an almost impossible task without low cost sources of advances obtained through the FHLBank system. The community banks provide liquidity to the local community with a very slim margin of profitability. If the FDIC enacts this rule, the member community banks will become less competitive and/or will have to operate with an even smaller margin of profitability, further increasing their vulnerability to the volatility of the financial crisis. Rather than providing added financial security, your proposed rule has the overt risk of greatly reducing or altogether eliminating access to a pool of increasingly needed low cost funds. This is a counter productive measure on the part of the FDIC which proposes to inflame further the current financial crisis by limiting

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access of member community banks to an already efficient and well regulated source of liquidity through the Federal Home Loan Banks.

Through this financial crisis in the housing market and the economy in general, the Federal Home Loan Bank system and its Member Community Banks have maintained sound financial practices and have been a bulwark against an implosion of the financial system within the various regions of the nation. It would be imprudent and a detriment to the efficient operation of Member Community Banks and the economy of Main Street America if the Federal Deposit Insurance Corporation persists in undertaking this action of penalizing community banks who have and continue to maintain sound fiscal policy and practices.

Respectfully,

Christopher J. LaRoche
York County Community Action Corporation