CSADC
Community Services Agency & Development Corporation
Cloyd Phillips – *Executive Director*

December 11, 2008

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

Re: Notice of Proposed Rulemaking and Request for Comment – RIN 3064-AD35
Federal Deposit Insurance Corporation Revision of Deposit Insurance Assessment Rates

Dear Mr. Feldman:

My institution has had the benefit of working with various members of the Federal Home Loan Bank of San Francisco on community investment projects that benefit our communities. In our work with those members, we know that advances function as a critical source of credit for housing and community development purposes, that they help members sustain prudent financial management practices, and that they enable small community banking institutions throughout the nation to remain competitive. For nearly eight decades, FHLBanks have been providing advances to financial institutions throughout the country, and the benefits have been substantial for the communities we mutually serve.

As a member of the Affordable Advisory Council (AHAC) of the Federal Home Loan Bank of San Francisco, I would like to submit the following comments about the Federal Deposit Insurance Corporation's notice of proposed rulemaking published in the Federal Register on October 16, 2008, revising among other things, the FDIC's deposit insurance assessment rates. In particular, I wish to express my serious objection to the proposal to charge an assessment premium if a depository institution's ratio of secured liabilities to domestic deposits exceeds 15%, with "secured liabilities" defined to include Federal Home Loan (FHLBank) advances.

As currently written, the FDIC's proposed rule would discourage the use of advances by FHLBank members, and would increase the cost of advances should members exceed the 15% threshold of "secured" liabilities. Discouraging the use of advances or increasing their cost would decrease the profitability of the FHLBanks and have a harmful effect on two critically relevant FHLBank programs that serve communities nationwide: the Affordable Housing Programs (AHP) and the Community Investment Cash Advance (CICA) programs.

Funded by ten percent of the FHLBanks' net earnings, the AHP has generated over $3 billion in funds to help finance approximately 600,000 affordable housing units nationwide. Through the Federal Home Loan Bank of San Francisco alone, over $564 million in AHP funds have been awarded to finance over 90,000 housing units since the program's inception in l990. Community development activities are supported by the FHLBanks' CICA programs, which offer low-cost advances for economic development

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efforts, such as small businesses, commercial/industrial, social service or public facility initiatives or infrastructure projects located in low-to-moderate income neighborhoods. Nationwide, CICA lending is approaching $50 billion and through the FHLBank San Francisco was over $271 million as of September 30, 2008.

At a time when the nation's economy is suffering, the flow of credit to communities is under extreme stress, and the need for affordable housing and economic development is on the rise, I strongly encourage the FDIC to avoid penalizing FHLBank members for their use of advances, which in the broader view, affects many more stakeholders beyond those immediately associated with the deposit insurance fund.

Thank you for giving my organization the opportunity to respond to the proposed rule.

Sincerely,

Cloyd Phillips
Executive Director
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