

November 4, 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:

The Federal Deposit Insurance Corporation (“FDIC”) has issued a notice of proposed rulemaking (the “Rule”) with respect to deposit insurance assessments. This letter sets forth the comments of the Housing Development Corporation of Lancaster County (HDC) with respect to the Rule. We appreciate the opportunity to address this important issue and urge you to refrain from increasing deposit insurance premiums based on the use of Federal Home Loan Bank (“FHLBank”) advances.

Any regulation that discourages the use of FHLBank advances, or has the effect of increasing the cost of FHLBank advances, will decrease the volume of advances and affect the profitability of the FHLBanks. This will have a harmful effect on the Affordable Housing Programs (“AHP”) of the FHLBanks. By law, the FHLBanks contribute ten percent of their net income to the 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 nationally. This is an increase of 24.8 percent 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.

In my tenure here at HDC I have had the privilege of working with the FHLBank of Atlanta that contributed over \$100,000 for our Larkspur Crossing townhouse development in Lancaster County and the FHLBank of New York that contributed over \$100,000 to our Henner Apartments in a National Register Historic district in the

borough of Womelsdorf in Berks County. Just this year, in the face of losing four cents per credit, the FHLBank of Pittsburgh allocated \$400,000 to our Westminster Place at Parkesburg property – this allocation allowed us to close with our investors at the end of April and the community transforming 72-unit senior apartment building is now under construction. This project would have been dead without this AHP funding. As the credit crisis eliminates more and more investors in low income tax credits and the pricing of equity continues to drop, AHP funds are even more essential to close our workforce and affordable housing deals.

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 already struggling in the current economic climate.

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 or the communities they serve based on the use of FHLBank advances.

Thank you for consideration of our views.

Cynthia Fuhrer
Project Manager