



June 23, 2008

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Covered Bond Policy

Dear Mr. Feldman:

The Conference of State Bank Supervisors (CSBS) appreciates the opportunity to submit a comment in response to the FDIC's interim final policy statement on the treatment of covered bonds in a conservatorship or receivership.

CSBS believes this proposal may provide additional funding sources for banks, enhancing diversity to an institution's funding base and liquidity. The proposal also offers financial institutions an alternative to selling residential mortgage loans on the secondary market. As we work through the stress in the housing market, banks of all sizes have an opportunity to provide solutions. This proposal reduces uncertainty over the treatment of covered bonds in the case of receivership or conservatorship, providing an opportunity for this market to develop. We are hopeful the market can develop for individual banks as well as a syndicate of banks, increasing the access for smaller institutions.

We acknowledge that interested parties have called for the FDIC to more broadly define "collateral" to allow more institutions to take advantage of issuing covered bonds. CSBS defers to the judgment and research performed by the FDIC to determine the most prudent and beneficial approach to develop the U.S. covered bond market. After more experience is gained with this market, policy makers may consider a broader definition of collateral.

Again, thank you for the opportunity to comment and for your proactive and creative leadership on this issue.

Best personal regards,

Neil Milner
President & CEO

CONFERENCE OF STATE BANK SUPERVISORS