



Almost Heaven
Habitat
for Humanity®

*Building houses
- building hope*

September 6, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W.
Washington, D.C. 20429

Attention: Comments

Re: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

This letter is in response to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, I am writing to address the FDIC's request for comment on whether Federal Home Loan Bank (FHLBank) advances should be included in the definition of volatile liabilities or, alternatively, whether higher assessment rates should be charged to institutions that have significant amounts of secured liabilities.

This is a classic example of the ripple affect. Enacting this rule would be harmful to FHLBanks and their member institutions. This rule would then in turn negatively impact affordable housing providers such as Habitat for Humanity. Let me explain why

FHLBanks and their members are the largest source of residential mortgage credit in America. It is this credit that has created record homeownership rates and allows homeowners to use the equity in their homes for improvements, retirement and even college tuition.

By penalizing the use of FHLBank advances, institutions will be forced to either seek less attractive, potentially more expensive funding or curtail their lending. In either case, consumers, especially those on the lower end of the economic scale, will be hurt by higher costs and a tighter credit market.

The profits generated by FHLBanks, primarily through their advance products, contribute to the largest low-income housing grant program in the nation. Every year, FHLBanks contribute ten percent of their profits to affordable housing grants. Homeless shelters, first-time homebuyer projects and housing for substance abuse recovery are just

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Habitat for Humanity
works in partnership with
God and people everywhere, from
all walks of life, to develop communities
with people in need by building and renovating
houses so that there are decent houses in decent
communities in which every person can experience
God's love and can live and grow into all that God intends.

three examples of projects other than Habitat for Humanity that have benefited from the FHLBank's Affordable Housing Program. Since 1990, the AHP has provided over \$2.3 billion for these activities. An unwarranted reduction in FHLBank advances would result in fewer dollars for these projects.

Over the past three years FHLBank has provided grant funding to our organization to help build single family homes for 15 low income families. Without this partnership, these families would still be living in unaffordable or substandard housing conditions.

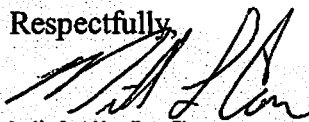
FHLBank advances are not a volatile liability for members. They come with set, predictable terms allowing efficient balance sheet management. Unlike deposits, advances do not diminish when market forces or consumer habits change.

FHLBanks themselves are a core part of the American banking system. As created by Congress in 1932, they have been the standard for stability, surviving the swings of markets, interest rates and business cycles. Their cooperative structure, joint and several liability and conservative business models ensure the future availability of advance products for their over 8,000 members.

When Congress created the FHLBank System its goal was a steady stream of mortgage credit through advances. Congress reiterated its support of advances by expanding access to this funding in the Gramm-Leach-Bliley Act. This proposal, which seeks to penalize the judicious use of advances, runs contrary to the actions and intent of Congress.

I appreciate the opportunity to comment on this important matter and I humbly request that you consider the effect that these changes will have on the lowest of income families in this country.

Respectfully,



Michelle L. Connor

C.E.O., Executive Director

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