

**From:** Hubert VanTol [mailto:hvantol@ruralinc.org]  
**Sent:** Tuesday, September 19, 2006 4:00 PM  
**To:** Comments  
**Cc:** Josh Silver  
**Subject:** RIN number (3064-AD09)

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:

Rural Opportunities Inc. urges the Federal Deposit Insurance Corporation to reconsider its proposal to include Federal Home Loan Bank (FHLB) advances in the definition of volatile liabilities and thus charge higher assessment rates to banks which utilize those advances. As an organization which places several hundred low and moderate income homebuyers in their first homes each year, often using the FHLB Affordable Housing Program (AHP), we urge you to think very carefully before enacting what would in effect be a penalty for banks which participate in the AHP program.

If the FDIC takes this action which will penalize the use of FHLB advances; first time home buyers, especially low and moderate income families, will lose an important source of down payment assistance and homebuyer counseling assistance as banks move away from participating in this FHLB program.

The profits generated by the FHLB system, primarily through their advance products, contribute to one of the largest low-income housing grant programs in the nation. Every year, the FHLB system contributes ten percent of its profits to affordable housing grants. Homeless shelters, first-time homebuyer projects and housing for substance abuse recovery are just three examples of projects that have benefited from the FHLB's Affordable

Housing Program. Since 1990, the AHP has provided over \$2.3 billion for these activities. Penalizing the FHLB's advances would result in fewer dollars for these projects.

We realize that this proposal is part of a larger proposal to stabilize and protect the FHLB system. We also want a safe and sound FHLB system, but we do not believe that the AHP program creates any systemic risk for the banks that the FDIC oversees, in fact by stabilizing communities with first time home buyers, the AHP program no doubt increases the stability of the community bank system as well.

Rural Opportunities is a multi-faceted non-profit organization seeking to improve people's live in the communities that we serve. In addition to our first time home buyer program, ROI also serves communities in other ways:

- ROI develops affordable rental, for-sale housing and community facilities in 6 states and Puerto Rico.

- ROI provides property management services for over 1,400 affordable housing units.

- ROI provides financing and training to small and micro-businesses.

- ROI provides training and employment, health and safety services to farm workers and other rural poor.

- ROI develops and supports farm worker housing projects.

In our sixteen years of experience with first time home buyer programs we have come to rely on the FHLB's AHP program to provide opportunities in the communities we serve. We urge you to protect the AHP program.

I appreciate the opportunity to comment on this important matter.

Sincerely,



Lee Beaulac  
Senior VP for Community & Economic Development  
Rural Opportunities, Inc  
400 East Ave.  
Rochester, NY 14607