



ACCORD Corporation

Allegany County Community Opportunities and Rural Development
Helping People. Changing Lives. Since 1972.

Community Action Agency • Rural Preservation Company

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THE OFFICE OF
EXECUTIVE SECRETARY

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Mr. Robert Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 29429

Dear Mr. Feldman:

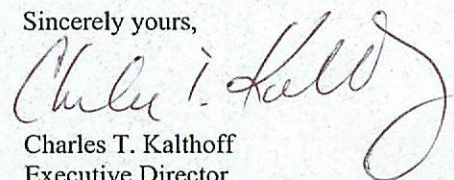
On behalf of ACCORD Corporation, I want to thank you for the opportunity to comment on the FDIC notice of proposed rulemaking and request for comment. In particular I would like to comment on the proposal regarding the definition of volatile liability. As a non-profit housing development agency in western New York, my concern is that this will negatively impact our ability to use funding from the Federal Home Loan Bank (FHLB) for our district. By placing these restrictions and creating a higher assessment on member banks who use funds from the FHLB to advance local investment, loans will be more costly or simply not available. Further, as the basis for the allocation to the Affordable Housing Program is a ten percent share from the profits of these member banks, many worthwhile community development, and housing programs will lack funds to move forward. The AHP program has provided over 2.3 billion dollars for these types of needed community projects since its inception.

When Congress created the FHLB system the goal was to provide for a recurring stream of credit. This credit was to assist in mortgage financing with an added benefit of requiring a small portion of the profits from these funds to be used for affordable housing and related community projects. By reclassifying these funds as volatile, this entire system may be jeopardized and resulting in the loss of funding for everything from homeless shelters to first time home buyers, which would be devastating. We fear that this may even violate the law and its original intent.

As the director of an agency that has and continues to use these funds in conjunction with several local members bank we would ask that you reconsider this proposal. The funds provided by the advance system are a secure and safe source of funds and should not penalize member banks and the FHLB system from easily accessing and using these funds for mortgages and related housing needs.

I appreciate the chance to provide this input to your proposed actions and sincerely hope that this proposal will not go forward.

Sincerely yours,


Charles T. Kalthoff
Executive Director