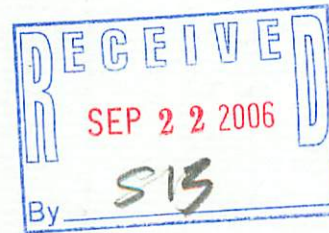


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September 18, 2006

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

Subject: Deposit Insurance Assessments and Federal Home Loan Bank  
Advances – Request for Comment

Dear Mr. Feldman:

I write 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. We believe that enacting this rule would be harmful to FHLBanks, their member institutions and the organizations and developers who use those funds to provide affordable housing to residents of many communities in the FHLBank Pittsburgh District.

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. First-time homebuyer projects and affordable rental housing are examples of projects that have benefited from the FHLBank's Affordable Housing Program. Furthermore, the rehabilitation of older buildings, including historic renovations, has contributed to the revitalization of many communities in Pennsylvania through the use of the FHLB's Affordable Housing Program (AHP).

On a personal note, the last four affordable housing developments with which I was involved utilized \$400,000 in AHP funds which generated over \$10M in other investments from both public and private sources.

Since 1990, the AHP has provided over \$2.3 billion for these activities. I can only guess how many additional billions this community investment has generated from other sources.

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.

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.

Thank you for the opportunity to comment on this important matter.

Sincerely,



Graysha K. Harris

cc: John Bendel