September 22, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W.
Washington, D.C. 29429

Attention: Comments on RIN number (3064–AD09)

Re: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

I write with regard to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, 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. I appreciate the opportunity to comment on this important matter.

Enacting this rule would not only be harmful to FHLBanks and their member institutions, but also would cause a negative effect to certain non-profit affordable housing providers. As the Director of Development for Almost Heaven Habitat for Humanity, one of over 1700 Habitat for Humanity affiliates in the United States, I am faced daily with the challenge of finding funding sources to address the growing need for affordable homeownership opportunities in this land. The FHLBanks have been a blessed answer to the need for funding to help make homeownership affordable for so many low- and very-low income families in America.

Almost Heaven Habitat for Humanity®

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 units. Homeless shelters, first-time homebuyer projects and housing for substance abuse recovery are just three examples of projects other than Habitat for Humanity houses that have benefited from the FHLBank's Affordable Housing Program (AHP). Since 1990, the AHP has provided over $2.3 billion for these activities. An unwarranted reduction in FHLBank advances – as a result of the proposed rulemaking – would result in fewer dollars for these most worthy and life-changing projects.

Just in our small, rural, sparsely populated Pendleton County in West Virginia, the FHLBank Pittsburgh has provided grant funding to our organization and Partner Families which has assisted us in constructing 15 safe, energy-efficient single family homes. Without this assistance through AHP, these families would still be living in unaffordable and substandard housing conditions.

Advances are not volatile liabilities for FHLBank members. FHLBank advances have pre-defined, understood, and predictable terms. Unlike deposits, advances do not evaporate due to circumstances outside of the control of an FHLBank member. Experience has shown that deposits may be lost due to disintermediation arising from a variety of factors: special, short-term promotions in a particular market or the existence of higher returns to depositors on alternative assets. While some institutions can look to Wall Street for replacement liabilities, the money and capital markets have not functioned well as long-term, stable providers of wholesale funds to the community banks that comprise the bulk of the membership of the Federal Home Loan Bank System.

FHLBanks themselves are a core part of the American banking system. As set by Congress, the primary purpose of the FHLBank System is to provide a source of long-term liquidity for FHLBank members. Throughout their 75-year history, the FHLBanks have performed this mission successfully. The FHLBanks are a stable, reliable source of funds for member institutions, and the availability of such credit has a predictable, beneficial effect on members' business plans.

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I appreciate the opportunity to comment on this important matter. On behalf of the very-low and low-income Partner Families I serve, as well as countless American families seeking affordable homeownership opportunities, I urge the FDIC not to include Federal Home Loan Bank advances in the definition of volatile liabilities.

Sincerely,

John L. Connor

John L. Connor
Director of Development

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