

September 15, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 29429

Attention: Comments re: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

I am writing to provide our comments regarding the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, I want to address the FDIC's request for comment on whether Federal Home Loan Bank advances should be included in the definition of volatile liabilities or, alternatively, whether higher assessment rates should be charted to institutions that have significant amounts of secured liabilities. We strongly believe that enacting this rule would harmfully affect affordability and access to housing, especially for low income consumers.

The Philadelphia Association of Community Development Corporations (PACDC) is an association of over 80 community development corporations (CDCs) and other members working to rebuild communities and revitalize Philadelphia's neighborhoods. Our nonprofit CDC members have extensive experience in leading affordable housing and economic development activities that meet the needs of low income residents and advance neighborhood revitalization in Philadelphia.

Federal Home Loan Banks and their members are the largest source of residential mortgage credit in America. 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 low income consumers, 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 that support the development of a range of affordable housing options from homeless shelters and transitional housing to first-time home buyer projects. Hundreds of units of affordable housing have been produced in Philadelphia due to the FHLBank of Pittsburgh's Affordable Housing Program. An unwarranted reduction in FHLBank advances would result in fewer dollars for these important projects. The Affordable Housing Program has been an incredible resource in Philadelphia for building houses that individuals and families can afford. A reduction in the amount of dollars available for this program would result in fewer affordable housing units being built in a city with a growing need for affordable housing.

We strongly believe that FHLBank advances should not be included in the definition of volatile liabilities and that higher assessment rates should not be charted to institutions that have significant amounts of secured liabilities. We believe this rule would harmfully affect affordability and access to housing in Philadelphia, especially for low income consumers.

I appreciate the opportunity to comment on this important matter.

Sincerely,

Rick Sauer

Rick Sauer
Executive Director
Philadelphia Association of Community Development Corporations