

May 24, 2010

The Honorable Sander Levin
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Attn: Jeff Ziarko

Dear Chairman Levin,

The undersigned thank you for including Section 106 in H.R. 4213. This provision will allow Federal Home Loan Banks and their members to continue to help local government, small hospitals, schools, colleges, nursing homes, water treatment plants and jobs-related facilities lower their tax-exempt borrowing costs.

The provision extends for one year the ability of FHLBanks to continue to serve traditionally underserved credit-enhancement markets for small issuers of tax-exempt bonds traditionally ignored by larger credit-enhancement providers. FHLBank letters of credit are issued through over 8,000 local financial institutions intimately familiar with the needs of the communities they serve, and provide another tool for these institutions to use in their communities.

Since enactment of this authority in 2008, FHLBanks credit enhancement has assisted over 150 projects across the country, which lowered financing costs. These letters of credit have supported economic development initiatives, water and sewer infrastructure, hospitals, educational facilities and non-profits.

Most of these community projects are below \$10 million. Previously, these small issuers had significant difficulty obtaining cost-effective credit enhancement. In many cases, they were forced to issue debt at substantially higher interest rates or even cancel the project. Delaying or canceling these initiatives will contribute to the nation's current economic challenges.

Without this provision, this authority sunsets on December 31, 2010. We appreciate your leadership and strong support for the authority and its inclusion in H.R. 4213. We have sent a similar letter of support to every member of the House of Representatives.

Sincerely,

American Hospital Association
Council of Development Finance Authorities
Council of Federal Home Loan Banks
Independent Community Bankers of America
National Association for County Community and Economic Development
National Association of Counties
National Association of Health and Educational Facilities Finance Authorities
National Association of Local Housing Finance Agencies
National Community Development Association
National League of Cities
Securities Industry and Financial Markets Association
United States Conference of Mayors