



John R. Price
President,
Chief Executive Officer

November 24, 2008

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W.
Washington, D.C. 20429
RE: FDIC RIN# 3064-AD34 Treatment of Certain Claims On, or Guaranteed By, Fannie
Mae and Freddie Mac

Office of the Comptroller of the Currency
250 E Street S.W., Mail Stop 1-5
Washington, D.C. 20219
RE: Docket No. OCC-2008-0016

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551
RE: Docket No. R-1335

Regulation Comments, Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
Attention: OTS-2008-0014

Federal banking regulators including the Federal Deposit Insurance Corporation ("FDIC"), the Board of Governors of the Federal Reserve System ("FED"), the Office of the Comptroller of the Currency ("OCC") and the Office of Thrift Supervision ("OTS"), have issued a joint notice of proposed rulemaking (the "Rule") allowing their regulated institutions to assign a ten percent risk weight to claims on, and portions of claims guaranteed by Fannie Mae and Freddie Mac ("Enterprises"). The Rule specifically requests comment on the impact that such an adjustment on Federal Home Loan Bank ("FHLBank") debt. This letter sets forth the comments of the Federal Home Loan Bank of Pittsburgh regarding the Rule. We appreciate the opportunity to address this important issue.

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While a reduction in the risk weighting for Enterprise obligations is appropriate and welcome, the exclusion of FHLBank obligations will have a significant negative impact on our financial institution members. This oversight may have unintended adverse consequences for the banking system during this time of economic stress.

The appropriate risk weighting should be derived from the statutory provisions outlining federal support regardless of whether such support has been utilized. By lowering the risk weighting on the Enterprises and not the FHLBanks, the Rule suggests the U.S. government will not provide equal credit support to the FHLBanks and the Enterprises. This approach is not consistent with current financial arrangements between the FHLBanks and the federal government and Congressional intent as articulated by the Housing and Economic Recovery Act of 2008 ("HERA").

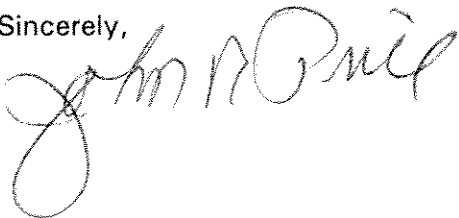
Section 1117 of HERA strengthened ties between the federal government and both the Enterprises and FHLBanks by temporarily allowing the Department of Treasury to purchase their obligations. When the Federal Housing Finance Agency ("FHFA") placed the Enterprises in conservatorship, FHLBanks were included in the implementation of Section 1117 of HERA with the development of a credit back-stop facility for both FHLBanks and the Enterprises. The fact that FHLBanks have not utilized the facility and have been characterized by FHFA Director Lockhart as "performing remarkably well and were well capitalized" does not diminish the government's support from the credit facility.

Despite HERA's care to underscore that the federal government's backing of the Enterprises and the FHLBanks is equal, investors now treat Enterprise obligations differently from FHLBank obligations. Spreads between FHLBank senior debt and comparable bonds issued by the Enterprises have widened to 20 to 30 basis points since the Enterprises were placed into conservatorship.

If investors continue to believe that FHLBanks are less supported by the federal government than the Enterprises, they will continue to demand higher yields to purchase FHLBank debt. This will result in higher spreads to Enterprise debt and higher rates on advances, a critical source of liquidity for financial institutions.

We strongly urge the FDIC, the OCC, the FED and the OTS to join Congress, the Department of Treasury and the FHFA, to treat obligations of all housing GSEs equally as you develop appropriate risk weightings on certain assets related to the Enterprises and the FHLBanks. We believe this is consistent with Congressional intent and regulatory practice and will prevent the unintended consequence of higher liquidity costs for our member institutions.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. O'Neil". The signature is written in a cursive style with a large, looping initial "J".