



MEMBER FDIC



September 15, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth St. NW  
Washington, DC 20429

Attention: Comments

Re: Deposit Insurance Assessments and Federal Home Loan Bank Advances  
RIN 3064-AD09

Dear Mr. Feldman,

I am writing specifically to address the FDIC's request for comment on whether Federal Home Loan Bank (FHLB) 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 FHLB advances outstanding.

We believe FHLB advances are not 'volatile liabilities.' They are secured extensions of credit, with defined terms for repayment and maturity.

FHLB advances are a valuable part of the community banker's financial strategy. Used responsibly, FHLB advances have several advantages:

- convenience for attracting funding on short notice
- structured repayment and maturity can be designed to meet bank's needs
- rates are always very close to established market rates

The above advantages make it easier for bankers to meet the needs of their communities, efficiently and effectively.

Please do not consider penalizing banks, through higher FDIC insurance premiums, for using alternative funding mechanisms. Our deposit markets are very competitive, with institutions of all size battling for deposits. FHLB advances are an important tool, to help community banks compete with the mega-banks.

Thanks for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred L. Drake", written over a horizontal line.

Fred L. Drake  
President/CEO