



November 10, 2008

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

RE: Deposit Insurance Assessments

Dear Mr. Feldman:

I am writing this letter to submit comments on behalf of Auburn Savings Bank, FSB regarding the FDIC's proposal to assess deposit insurance on some Federal Home Loan Bank advances.

FHLB advances are an important part of the balance sheet management at our bank. As a bank that received an outstanding rating on our last CRA rating, we would not be able to extend mortgage and commercial real estate loan financing to the extent that we have without these crucial, reasonably priced funds.

It is my understanding that under this proposal, banks such as Auburn Savings that use advances in excess of 15% of domestic deposits will be faced with several possible outcomes. First, increased FDIC premiums will increase operating costs that ultimately will be paid for through higher rates on mortgage, home equity and commercial loans. Second, some banks may decide to pay above market rates in order to attract additional deposits. Third, without access to these reasonably priced advances, banks may curtail lending activities in the communities they serve. I would submit that this policy would further threaten the survival of community banks like Auburn Savings at a time in our history when we most need to increase the lending activity in the country.

Penalizing the use of FHLB advances is contrary to current efforts by the Administration, Congress and the Federal Reserve to restore liquidity and confidence in the nation's financial system.

For Auburn Savings, FHLB advances are critical to our ability to make loans in our service area. I strongly urge you to not adopt any policy that penalizes small community member banks before you fully consider all other options.

Respectfully submitted,


Allen T. Sterling
President & CEO