



December 16, 2008

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

Attention: Comments – RIN 3064-AD35
Re: Notice of Proposed Rule Making – Deposit Insurance Assessments

Dear Mr. Feldman:

On behalf of Home Federal Bank, I am writing to express concerns regarding the proposed rule concerning deposit insurance assessments that would apply potentially higher premiums toward federally-insured depository institutions that use secured liabilities to manage interest rate risk and complement core deposits.

The Federal Home Loan Bank (FHLBank) system provides wholesale funding as a consistent, reliable source of liquidity for community banking institutions across the country. These funds have been utilized as an asset/liability management tool to allow institutions to develop lending programs within their communities. A higher cost of utilization may discourage the prudent use of advances as a means to supplement core deposits. This may have the unintended effect of greater dependence by some institutions of choosing other more volatile or higher cost sources of funding.

Any regulation that has the effect of increasing the cost of FHLBank advances may decrease the volume of advances and affect the profitability of FHLBanks. This, in turn, could have a harmful effect on Affordable Housing Programs (“AHP”) made available to serve the affordable housing needs throughout the country. By law, the FHLBanks contribute 10% of net income to the AHP. Reducing the FHLBanks profitability will also reduce AHP funding.

I strongly urge the FDIC to not adopt an assessment formula that would penalize institutions based upon use of Federal Home Loan Bank advances.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "Darrel L. Posegate".

Darrel L. Posegate
President
Home Federal Bank