

From: Steve Closson [mailto:SClosson@Androscogginbank.com]
Sent: Monday, November 17, 2008 3:00 PM
To: Comments
Cc: Chris Pinkham; Robin Robbins; Mary.Noyes@fhlbboston.com
Subject: Notice of Proposed Rulemaking-Deposit Insurance Assessments

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation

Dear Mr. Feldman:

I would like to submit the following comments regarding the subject on behalf of my institution as one of the Federal Home Loan Bank System's 8100 member institutions who depends on advances as an effective part of an overall funding strategy. Advances are a steady and reliable source of liquidity and that availability is vitally important in the balance sheet management of our organization. Most importantly, the idea of imposing a penalty in the form of an assessment for utilizing advances seems contrary to all other efforts to restore liquidity and confidence within the financial system at this critical point in time.

If a financial institution were to use FHLBank advances in excess of 15% of domestic deposits the following would be triggered:

1. Increased operating costs resulting from increased FDIC premiums. (FDIC premiums are already rising for 2009 without this potential added burden)
2. Very real potential to artificially drive up the cost of funds to compete and retain deposits.
3. Unintended consequence of decreased community lending during the current crisis.

FHLBank advances act as a critical source of credit that enable small member banks to help fund housing and community development projects throughout the nation. I implore you not to adopt a policy that would penalize these institutions based on their use of advances.

I appreciate the opportunity to address this important issue. Thank you.

Sincerely,

Steven A. Closson
President & CEO
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