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November 4, 2008

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

RE: RIN No. 3064-AD35
Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

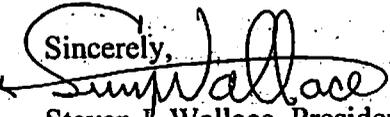
I am writing to comment on the Federal Deposit Insurance Corporation's proposed rulemaking regarding deposit insurance assessments, published in the Federal Register on October 16, 2008. In part, the rule proposes to impose higher risk-based premiums for federally insured depositories that use secured liabilities, including advances from the Federal Home Loan Banks, in excess of 15 percent of domestic deposits. While we understand the need to restore FDIC fund balances, we are concerned that the proposal regarding FHLB advances would increase the cost of funding unnecessarily for our institution and discourage the use of advances as a reliable source of funding to supplement core deposits. I strongly urge the FDIC to revise or delay implementing the proposal.

FHLB advances are and have become a critical component of our liquidity contingency plan and our overall balance sheet structure. These FHLB advances are critical to our planning and our profitability as they have proven to be a cost-effective funding source. We have used FHLB advances to fill the gap between our traditional core deposit matrix and our loan demand and its maturity matrix.

In my view, the proposal unfairly characterizes the potential risks of advance usage to the Deposit Insurance Fund. Access to FHLB funding has long been viewed as a source of strength and stability for financial institutions, making them less likely to fall into receivership. In this way, FHLB funds help to protect deposit insurance funds, not threaten them.

We urge the FDIC to revise the proposed rule and exclude FHLB advances from the deposit insurance assessment base. FHLB member institutions should not be penalized for utilizing this source of liquidity as Congress intended, particularly now as the economy is slowing and alternative sources of funding are more difficult to access.

Sincerely,


Steven J. Wallace, President



YOUR HOME TOWN BANK

