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

Attention: Comments – RIN No. 3064-AD35

Re: **Notice of Proposed Rulemaking – Deposit Insurance Assessments**

Dear Mr. Feldman:

I am very concerned about the Federal Deposit Insurance Corporation's notice of proposed rulemaking published in the Federal Register on October 16, 2008. In this notice, the FDIC is proposing to increase deposit insurance premiums and apply potentially higher premiums on federally-insured depository institutions that use secured liabilities to manage risk and complement core deposits.

I understand the importance of the Deposit Insurance Fund to the underlying safety and soundness of the US banking system. I also understand that the FDIC is charged with maintaining the DIF at a level deemed adequate to insure that safety and soundness. My main concern is that the proposed rulemaking will unnecessarily "punish" well-run financial institutions that have prudently utilized secured liabilities to meet the credit needs of their markets. Federal Home Loan Bank advances have been a consistent, reliable source of liquidity for community banks for decades. This funding source has played an important in our institution's overall Asset/Liability management processes and procedures. In economic times such as we are currently facing, advances provide us the ability to continue offering reasonably priced credit to individuals and small businesses. While I respect the importance of the Deposit Insurance Fund (DIF) and appreciate the effort by the FDIC to restore its balance, any regulation that discourages prudent borrowing measures or increases the cost of borrowing from FHLBanks would be counterproductive and potentially damaging to the economy in the current environment. Discouraging the flexible use of FHLB advances may prompt greater dependence on more volatile sources of wholesale funding or prompt institutions to raise interest rates on deposits, an unintended consequence that may lead to higher costs of borrowing in my community. This proposal also suggests that I limit the amount of credit that I can make available in my community when the ability to raise core deposits does not keep pace with loan demand. In essence, the proposal could require banks like mine to limit credit at this moment when sound lending at competitive interest rates is critical to economic health.

After assessing this proposed regulation, I also would recommend that the FDIC utilize its "extraordinary circumstances" authority to extend the time period to rebuild the DIF from five to ten years. This extension will limit unnecessary financial stress on insured depository institutions. In light of our extraordinarily fragile domestic and global banking system and the numerous sweeping measures the FDIC, U.S. Treasury and the Federal Reserve have taken to restore stability and confidence, I do not believe that increasing insurance premiums is appropriate at this time.

I sincerely appreciate the FDIC's work to support recovery of the credit markets, but I strongly urge the corporation to maintain its current assessment formula and revisit this issue in the latter part of 2009, allowing time for the full array of deposit insurance related-issues to be better considered. I also ask that you not increase the cost of FHLBank borrowing, which has constituted a consistent and reliable funding source during this crisis.

Sincerely,

Charles E. Weller
President & CEO
OBA Bank