

June 13, 2008

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, N.W.  
Washington, D.C. 20429

RE: Interim Final Policy Statement on Covered Bonds – Request for Comments

Dear Mr. Feldman:

On April 15, 2008, the Federal Deposit Insurance Corporation adopted an interim final policy statement titled “Covered Bond Policy Statement” (Policy Statement) and solicited public comment on various issues relating to the FDIC’s treatment of covered bonds in a receivership and conservatorship context. In addition, the FDIC solicited public comments on other issues, including the FDIC’s treatment of secured liabilities for assessment and other purposes. In particular, the FDIC asked “whether an institution’s percentage of secured liabilities to total liabilities should be factored into an institution’s insurance assessment rate or whether the total secured liabilities should be included in the assessment base.” In addition, the FDIC requested comments on “whether ... there should also be an overall cap for secured liabilities.”

First Westroads Bank appreciates the opportunity to address the important issues raised by this request for comment. We are gravely concerned that the proposed cap on secured liabilities could encompass advances from the Federal Home Loan Bank (FHLBank). As a \$200 million community bank, the proposal could have a significant negative impact on our ability to efficiently and cost-effectively fund our balance sheet. Further, in the competitive environment in which we operate, we are faced with maintaining adequate and appropriate sources of liquidity, and advances from the FHLBank secured by our sound, high-quality loan assets provide an appropriate diversification of funding sources. Finally, including such secured liabilities in our insurance assessment rate or assessment base will increase costs for community banks unnecessarily and disproportionately.

In light of the above, we strongly urge the FDIC to reconsider its position, or to specifically exclude FHLBank secured liabilities from the Covered Bond Policy Statement.

Yours truly,



Greg Dushan  
Executive Vice President & CFO