

# FIRST HOPE BANK

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1911

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, N.W.  
Washington, D.C. 29429

Attention: Comments

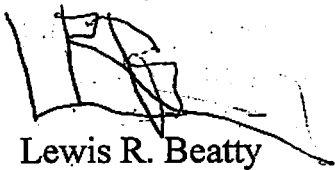
Re: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

The FDIC recently requested comments on suggested changes to the deposit insurance assessment calculation. I am writing in reference to the effect those changes would have on Federal Home Loan Bank (FHLB) Advances. As Chief Financial Officer, one of my responsibilities is managing liquidity. The FHLB Advances play a central role in the financial management of the bank, whether it is overnight lines of credit to control liquidity daily or longer-term paper to help manage interest rate risk. These Advances are anything but volatile, and one of the few instruments available to management where the terms can largely be controlled.

The proposed changes would act as a penalty for using FHLB Advances. This would limit the ability of management to control liquidity and interest rate risk, and generally increase the risk of banks. I recommend FHLB advances not be deemed volatile for these purposes. If you have any questions, please feel free to contact me.

Sincerely,



Lewis R. Beatty  
Chief Financial Officer