Columbia Bank

Raymond G. Hallock, President & CEO

19-01 State Route 208, Fair Lawn, New Jersey 07410 201-794-5802

November 14, 2008

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

Attention: Comments-RIN 3064-AD35

Re: Notice of Proposed Rulemaking-Deposit Insurance Assessments

Dear Mr. Feldman:

On behalf of Columbia Bank, I am respectfully submitting the following comments regarding the Federal Deposit Insurance Corporation's proposed rule concerning deposit insurance assessments.

The Federal Home Loan Bank of New York has been a consistent and reliable provider of advances and other collateralized borrowings to our Bank for many years. Especially during the current financial turmoil, as other lenders have apparently reduced their willingness to lend to creditworthy borrowers, Columbia Bank has been steadfast in providing mortgage credit in a very concise and conservative fashion, as has been our history. Our commitment to provide credit has been funded by a very stable deposit base, as well as, with additional advances from the Federal Home Loan Bank of New York. We apparently are not alone in this as FHLB system advances have continued to increase in 2008, totaling over $913 billion by the end of the second quarter. This is a very clear indication that the FHLBanks continue to play a very vital role in providing credit during a time of critical liquidity shortages in the housing market.

Assessing insurance premiums on advances is a fundamental contradiction with the current efforts of the Treasury and the government to provide liquidity and restore confidence in the financial markets and may result in a series of unintended negative consequences.

Under the current proposal, financial institutions that use advances will be exposed to negative consequences including an undesirable increase in operating expenses. Earnings may be further eroded as member banks may begin to focus on growing less stable retail deposits and their cost of funds will increase as they attempt to not only attract new deposits but to retain their existing deposit base as well.

During the past several weeks governmental actions have been taken that are not reflected in the deposit insurance assessment plan. The Emergency Economic Stabilization Act which was signed into law on October 3rd raised deposit insurance levels to $250,000. The proposed rulemaking does not include this increase in the calculation of the deposit insurance fund ratio. Additionally, on October 14th, the FDIC invoked its systemic risk authority and extended deposit insurance coverage to all non-interest bearing transaction accounts. This increased coverage is not included in the deposit insurance fund ratio.

It is our understanding that the FDIC is permitted to extend the period to restore the reserves of the deposit insurance fund during periods of extraordinary circumstances. In citing its statutory authority to prevent systemic risk in earlier actions, it is fitting that current circumstances are applied to the restoration of the insurance fund. The actions cited above will expire on December 31, 2009 which suggests that there may be a comprehensive review of the nation's deposit insurance system at that time. In light of current factors, we respectfully suggest that the FDIC should consider suspending its current rulemaking related to Federal Home Loan Bank advances for twelve months to permit some greater degree of stability to return to the capital markets.

Should the FDIC decide to proceed with this rulemaking and its new approach to risk-based premiums, then the final rule should be structured to treat advances differently from other forms of collateralized lending. At a minimum, the application to the Federal Home Loan Banks should be deferred so that further research could be analyzed related to unintended consequences. Advances have proven to be more reliable, economically priced and a very important asset/liability management funding source for Columbia Bank. Additionally, income earned by the Federal Home Loan Bank of New York has been largely paid to its members in the form of valuable dividends.

Our membership in the Federal Home Loan Bank of New York continues to be viewed as a reliable, economical and consistently available source of liquidity and, as such, is viewed by Columbia Bank as additional protection for the deposit insurance fund. We sincerely hope that the FDIC decides not to proceed with a final rule concerning deposit insurance assessments that would penalize our Bank based on its use of FHLBank advances.

Most Sincerely,

Raymond G Hallock

Raymond G. Hallock
President & Chief Executive Officer

Columbia Bank