

December 17, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429
Via email: Comments@FDIC.gov

Re: Notice of Proposed Rulemaking and Request for Comment – RIN 3064-AD35
Federal Deposit Insurance Corporation Revision of Deposit Insurance Assessment Rates

Dear Mr. Feldman:

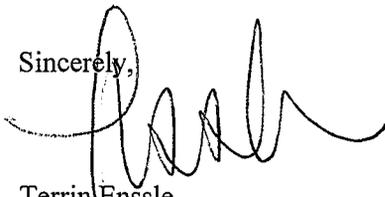
On behalf of CapitalSource Bank, I am writing to express my concerns about the Federal Deposit Insurance Corporation's notice of proposed rulemaking published in the Federal Register on October 16, 2008, revising among other things, the FDIC's deposit insurance assessment rates. In particular, I wish to express my objection to the proposal to charge an assessment premium if a depository institution's ratio of secured liabilities to domestic deposits exceeds 15%, with "secured liabilities" defined to include Federal Home Loan Bank (FHLB) advances.

At our institution, we view FHLB advances as a valuable financial risk management tool. Our institution relies on core deposits to fund loans and maintain on-balance sheet liquidity. We use FHLB advances as a stable and cost effective source of contingent liquidity. Provided that our institution meets the credit and collateral requirements of our regional FHLB, we can obtain an FHLB advance with a single phone call and receive a wire for the funds that same day. This immediate access to liquidity is always valuable, and essential in times like these, when other resources of liquidity have become extremely expensive and scarce.

We also view FHLB advances as an attractive interest rate risk management tool because they are simple, precise, and transparent on-balance sheet transactions that help financial institutions match the terms and interest rate features of assets and liabilities more closely. No other retail or wholesale funding source can offer the range of terms available with FHLB advances, and advances can be customized to fit the specific asset-liability management needs of an institution.

Given that FHLB advances are a valuable and transparent financial management tool, I recommend that the FDIC not include increased premiums for advance use in its Proposed Rule. We believe it is in the FDIC's interest to ensure that FHLB advances continue to be readily available to all FHLB members, without any assessment penalty.

Sincerely,



Terrin Enssle
Senior Vice President and Treasurer
CapitalSource Bank