Fleetwood Bank

Dear Mr. Feldman,

I am writing in regard to the FDIC notice for comments on the proposed change to charge premiums on FHL Bank advances. First and foremost, these advances, regardless of how you define them, are not in any way volatile liabilities. Each advance has terms, whether that be overnight or up to extended maturities, that can be relied on as approved to the very nature of deposits, whether demand or term, which are held at the will of the customer. Unlike our large bank counterparts, community banks must rely primarily on customer deposits and advances for our liquidity.

Another concern is the possible negative effect that this could have on reliable sources of funds when needed and the administrative headaches caused by keeping track of each advance and the premium due.

Whether a bank relies on advances or not should not impact the risk or the rating of that institution. That should and is evaluated at each exam and is determined by the camel rating of several factors that I believe is the best way to establish the premium basis for each bank.

In closing, I urge the FDIC to exclude FHL Bank advances from the definition of volatile liabilities and not to penalize the industry with a premium on reliable sources of funding.

Sincerely,
Ronald H. Frey
Chairman & CEO
Fleetwood Bank

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