



D. Gene Dikeman II
President

September 19, 2006

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

RE: Deposit Insurance Assessments and Federal Home Loan Bank Advances

Dear Mr. Feldman:

Farmers Bank and Trust, na is very appreciative of the opportunity to comment on the FDIC's notice of proposed rulemaking and request for comment regarding Deposit Insurance Assessments. Our Bank is especially concerned about the FDIC's request for comment on whether Federal Home Loan Bank Advances should be considered volatile liabilities or the consideration as to whether institutions with significant amounts of FHLBank Advances should be singled out for assessments.

We do not consider the liabilities that are predictable, understood and pre-defined to be volatile. Whether they are deposits or FHLBank Advances we choose to offer them (deposits) or "take down advances" that best meets our banks needs. There are times when market conditions from competitors cause us to utilize a more efficient (FHLBank) method of obtaining funds to meet our community needs. The FHLBank of Topeka has provided quality training and assistance that further enhances our ability to evaluate the risk of using of their services. The term "volatile" truly does not fit the FHLBank's products by definition. If an asset or a liability becomes volatile, it does so by miss judgment of the owner.

Secondly, we are opposed to charging higher premiums based on an institution's use of FHLBank Advances. This would only serve to provide a chilling effect and increase the cost of borrowing to the consumer at the end of the day. Assessments are another polite way of saying, "tax them" for using something they (the consumer) needs. Assessments would also run the risk of causing some institutions to not offer better-priced products to the consumer. I think that most bankers and users of the SBA programs would agree that fees (taxes) in this program already have a chilling effect by reducing interest in projects by some entrepreneurs.

Liquidity in financial institutions that provide liquidity to American businesses is the cornerstone of a solid economy. It was not all that long ago that a FHLBank letter of credit provided liquidity to many community banks during the Y2K preparations. I don't think that feeling has changed among community banks and the FHLBank provides that blanket of coverage today as they provided it back in the year 2000.

In summary, please don't include FHLBank Advances in the definition of volatile liabilities and don't charge higher assessments to those institutions that use above average amounts of FHLBank funds.

Kindest regards,

A handwritten signature in blue ink, appearing to read 'D. Gene Dikeman, II', with a long horizontal line extending to the right.

D. Gene Dikeman, II
President