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By

September 22, 2006

ROBERT E FELDMAN
EXECUTIVE SECRETARY
ATTENTION COMMENTS FEDERAL DEPOSIT INSURANCE CORPORATION
550 – 17TH STREET NW
WASHINGTON DC 29429

RE: Deposit insurance assessments and Federal Home Loan Bank advances

Dear Mr. Feldman:

I am writing you regarding the Federal Deposit Insurance Corporation (FDIC) notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, I will address the FDIC's request for comment on whether Federal Home Loan Bank (FHLB) advances should be included in the definition of volatile liabilities, or alternatively whether higher assessment rates should be charged to institutions that have significant amounts of secured liabilities.

I am opposed to the FDIC treating FHLB advances as volatile liabilities and charging higher assessments rates on those funds. For decades this institution had no FHLB advances. It now has a little more than 10% of its balance sheet in FHLB advances. These funds have proved to not be volatile through some fairly significant interest rate "gyrations".

It is my belief that if the FDIC takes the proposed action that it will be "one more brick on the load" that local, community banks such as ours will have to bear. Small community banks such as ours are already under considerable regulatory and finacial stress with the FDIC unnecessarily adding to it. This proposed action by the FDIC will also negatively impact the FHLB system at a time when its continued viability for small community banks is under attack. I think that there are other ways for the FDIC to respond to FHLB advances in the banking system without resorting prematurely to the proposed action.

I trust that you will take the industry's response to this proposed rule under consideration and decide that it is an unwise proposal.

Sincerely,

SFChristy

Stephen F. Christy
President and CEO