

June 17, 2008



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Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Re: Interim Final Policy Statement on Covered Bonds -
Request for Comments

Dear Mr. Feldman:

On April 15, 2008, the Federal Deposit Insurance Corporation adopted an interim final policy statement titled "Covered Bond Policy Statement" and solicited public comment on various issues relating to the FDIC's treatment of covered bonds in certain contexts. In addition, the FDIC solicited public comments on certain other issues, including treatment of secured liabilities for assessment and other purposes. In particular, the question was raised as to whether a bank's percentage of secured liabilities to total liabilities should be a factor in the insurance assessment rate or whether total secured liability should be included in the assessment base. Also, the FDIC requested comments on whether there should be an overall cap for secured liabilities.

The Independent Bankers Association of Texas ("IBAT") appreciates the opportunity to address these issues. IBAT is a trade association representing approximately 600 independent community banks domiciled in Texas. Many, if not most, of its members utilize Federal Home Loan Bank (FHL Bank) advances, which could be considered secured liabilities under this proposal. IBAT is concerned that the policy statement presents the potential for penalizing the use of FHL Bank advances or placing a cap on them. We strongly urge the FDIC to evaluate the significant underlying public policies supporting encouragement rather than discouragement of the use of FHL Bank advances.

We believe further that recent actions by Congress have reflected a strong public policy in encouraging the prudent use of FHL Bank advances. In fact, Congress by opening FHL Bank membership to commercial banks as part of FIRREA and in expanding small banks' access to advances in the Gramm Leach Bliley Act has clearly indicated a policy that encourages use of FHL Bank advances. Perhaps more significantly, since these are appropriately secured, we believe they do not present the sort of risk that is a danger to the FDIC funds and therefore should not adversely affect an institution's premiums or assessment base.

Thank you for this opportunity to comment. We strongly urge the FDIC not to penalize community banks as they prudently utilize FHL Bank advances.

Sincerely,

Karen M. Neeley
General Counsel

KMN:egw
cc: Chris Cole, ICBA