



CoreFirst Bank & Trust

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June 21, 2008

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

Re: Interim Final Policy Statement on Covered Bonds-Comments

Dear Mr. Feldman:

On April 15, 2008, the Federal Deposit Insurance Corporation (FDIC) adopted an interim final policy statement titled "Covered Bond Policy Statement (Policy Statement)" and requested public comments on various issues ranging from to the FDIC's treatment of covered bonds in a receivership and conservatorship to the agency's treatment of secured liabilities for its risk-based deposit insurance assessment. CoreFirst Bank & Trust appreciates the opportunity to comment on the agency's proposal specifically related to the treatment of secured liabilities and an institution's insurance assessment rate.

While the Policy Statement did not specifically refer to the Federal Home Loan Bank (FHLB) advances, we are concerned that the term "secured liabilities" encompasses such loans. We believe that penalizing the use of FHLB advances, or placing an arbitrary cap on their use, is not consistent with sound public policy, especially in light of the current demand for enhanced liquidity in the credit and housing markets.

If the FDIC decided to charge higher assessment rates for FHLB advances, banks using advances as a wholesale funding source would be subject to higher insurance premiums even though there is no evidence to suggest that advances add to an institution's risk profile. In contrast, this policy could discourage the use of FHLB advances, and force institutions to look for alternative, potentially more costly and volatile funding sources that will only increase liquidity and interest rate risk while stimulating a short-term reduction in net income and reduction in retained earnings. Remember, the FHLB's mission is to provide financial institutions with access to low-cost funding so that they can adequately meet their communities' needs for credit to support homeownership and economic development. The FHLB's funding programs have consistently aided their members in all economic cycles, but most importantly, in times of financial uncertainty, and have further served as a model for providing liquidity and restoring financial health.

The use of secured advances through the Federal Home Loan Bank System is not only the "lender of last resort," as originally contemplated by Congress, but in fact the lender of best resort. In considering a Final Policy on covered bonds and secured deposits, we strongly urge the FDIC not to penalize our bank and other institutions based on their use of FHLB advances, or to limit the amount of such liabilities that we can use for our funding needs.

Respectfully,



Curtis D. Gregg
SVP/Director of Risk Management

cc: Senator Pat Roberts (R)
Senator Sam Brownback (R)