

First Federal Bank F.S.B.

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CLARENCE ZUGELTER
PRESIDENT
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN OF THE BOARD

August 10, 2006

Mr. Robert E. Feldman, Executive Secretary
Attn: Comments, Federal Deposit Insurance Corporation
550 17th Street N W.
Washington, DC 20429

RIN# 3064-AD09

Dear Mr. Feldman:

On behalf of First Federal Bank of Kansas City, I would like to take this opportunity to express my concerns with the potential change in the treatment of Federal Home Loan Bank advances for federal deposit insurance rate-setting purposes.

I do not feel that Federal Home Loan Bank advances should be treated as "volatile liabilities" and an institution should not be charged a higher assessment rate for holding secured liabilities that are not insured as deposits by the FDIC.

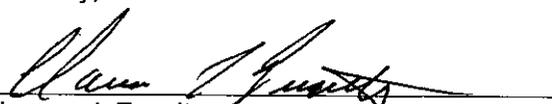
There is no exposure to the FDIC insurance fund from Federal Home Loan Bank advances that an institution may carry on their balance sheet. Advances are securitized through assets held or pledged by a member institution of their respective Federal home Loan Bank, and I am not aware of any loss the FDIC insurance fund has incurred as a direct result of Federal Home Loan Bank advances when an institution has failed.

First Federal Bank of Kansas City uses Federal Home Loan Bank advances to manage its interest rate risk sensitivity, and the advances help fund longer term mortgages held in our portfolio. To the exact contrary of the FDIC's position, we do not view Federal Home Loan Bank advances as a "volatile liability," but instead as a necessary alternative to our retail deposit gathering process, which allows us to grow and structure our balance sheet, since we do not have access to the capital markets as do larger institutions.

In addition, each Federal Home Loan Bank limits the dollar amount of total Federal Home Loan Bank advances any institution may have outstanding as a percentage of total assets, which places a limit on the amount of advances they may have outstanding at any point in time. This limitation also addresses the Federal Deposit Insurance Corporations concern relating to "significant amounts of secured liabilities" that an institution may hold.

For the above stated reasons, I respectfully request that you do not include Federal Home Loan Bank advances in your formula for calculating deposit insurance premiums.

Sincerely,


Clarence I. Zugelter
Chairman, President and Chief Executive Officer

CIZ/cm