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To: Comments
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I would like to comment on the Interim Rule on Temporary Liquidity Guarantee Program:

We are a 250 million dollar community bank in Southern Wisconsin. We are highly capitalized and operate under sound and prudent banking principles. We are a correspondent of Bankers Bank of Wisconsin and have been notified by them that under the TLGP the cost of borrowing may reflect tiered pricing determined by whether or not the funds are insured, or secured with other borrowing potentially adding increased cost to unsecured borrowings. If we choose not to participate there is a possibility that funds may not be available to us as preference will be given to those institutions that do not opt out.

Assume we have unsecured fed fund lines with upstream correspondents totaling thirteen million dollars. As of September 30, 2008 we had 0 borrowed. It is possible that correspondent banks will now loan money only to banks who have guaranteed unsecured debt. Since we have none, our liquidity position could be severely negatively impacted by the proposed reg. I assume that we could apply for a guaranteed line from the FDIC.

With regard to the Debt Guarantee Program, the 75 basis points premium is excessive in relationship to the current level of Fed Funds. We will be forced to either increase rates we charge for loans, which will only increase the disruption in the credit market or absorb the impact eroding earnings and liquidity.

We feel that we are being forced into the Transaction Account Guarantee Program and that the stigma of 'opting out' could be perceived negatively by the public. The manner in which the 10 basis points is calculated is also concerning. The fee on non-interest bearing balances will be not only be calculated on customer balances but Bank operating accounts as well such as money orders and other official checks.

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