



HORRY COUNTY STATE BANK

November 13, 2008

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

RE: FDIC RIN 3064-AD35
(Treatment of Certain Claims On, or Guaranteed By, Fannie Mae and Freddie Mac)

Dear Mr. Feldman:

This letter is a comment in response to the publication of a proposed rule by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision (collectively, the "Agencies") to allow a banking organization to assign a 10 percent risk weight to claims on, and the portion of claims guaranteed by, Fannie Mae or Freddie Mac. The Agencies have requested comment on the potential effects of this proposal on other banking organization claims on GSEs, such as debt issued by the Federal Home Loan Banks ("FHLB's"), which are currently assigned a risk weight of 20 percent.

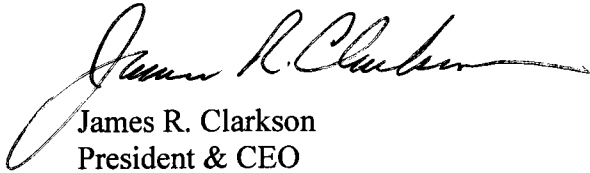
The decision to reduce the risk weight of obligations backed by Fannie Mae and Freddie Mac will be of great assistance to my bank in that it will serve to reduce our risk-weighted assets by approximately \$750,000. This will in turn enable us to better support additional loan growth with our existing capital base.

I do believe, however, that any rule of this type that is adopted by the Agencies should afford similar treatment for obligations issued by the FHLB's. A failure to do so would surely seem to result in a reduction in the attractiveness of FHLB bonds, an increase in the cost to our bank of FHLB funding options and therefore a decrease in our net interest margin and profitability. Obviously, this is counterproductive to our efforts to raise capital internally and better support loan growth. At this critical time in our economic history, it seems to me that the Agencies should be constant in utilizing every available

tool to promote lending and to better enable banks to generate capital through internal earnings.

We strongly urge the Agencies to afford the same treatment to the debt securities of all housing GSEs under the risk-based capital rules. We believe this course of action reflects the parity that Congress intended for the housing GSEs.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Clarkson", with a long, sweeping horizontal flourish extending to the right.

James R. Clarkson
President & CEO