

December 17, 2008

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

Attention: Comments – RIN No. 3064-AD35

Re: **Notice of Proposed Rulemaking – Deposit Insurance Assessments**

Dear Mr. Feldman:

On behalf of the South Carolina Bankers Association (SCBA) I am writing to express concerns about the Federal Deposit Insurance Corporation's notice of proposed rulemaking published in the Federal Register on October 16, 2008. In this notice, the FDIC is proposing to increase deposit insurance premiums and apply potentially higher premiums on federally-insured depository institutions that use secured liabilities to manage risk and complement core deposits.

In particular, SCBA is concerned that this proposed regulation could increase the cost of funding for South Carolina's financial institutions, even though it uses Federal Home Loan Bank (FHLBank) advances as a consistent, reliable source of liquidity. While SCBA respects the importance of the Deposit Insurance Fund (DIF) and appreciates the effort by the FDIC to restore its balance, any regulation that discourages prudent borrowing measures or increases the cost of borrowing from FHLBanks would be counterproductive and potentially damaging to the economy in the current environment.

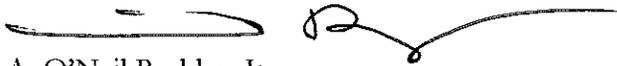
SCBA also believes this proposal unfairly characterizes the potential risks that this funding tool would have on the DIF. In fact, discouraging the flexible use of advances may prompt greater dependence on more volatile sources of wholesale funding or prompt institutions to raise interest rates on deposits, an unintended consequence that may lead to higher costs of borrowing in my community. This proposal also suggests that South Carolina banks limit the amount of credit that they can make available in their communities when the ability to raise core deposits does not keep pace with loan demand. In essence, the proposal could require South Carolina banks to limit credit at this moment when sound lending at competitive interest rates is critical to economic health.

After assessing this proposed regulation, SCBA also recommends that the FDIC utilize its "extraordinary circumstances" authority to extend the time period to rebuild the DIF from five to ten years. This extension will limit unnecessary financial stress on insured depository

institutions. In light of our extraordinarily fragile domestic and global banking system and the numerous sweeping measures the FDIC, U.S. Treasury and the Federal Reserve have taken to restore stability and confidence, SCBA does not believe that increasing insurance premiums is appropriate at this time.

SCBA appreciates the FDIC's work to support recovery of the credit markets, but strongly urges the corporation to maintain its current assessment formula and revisit this issue in the latter part of 2009, allowing time for the full array of deposit insurance related-issues to be better considered. SCBA also asks that you not increase the cost of FHLBank borrowing, which has constituted a consistent and reliable funding source during this crisis.

Sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

A. O'Neil Rashley, Jr.
Senior Vice President & Counsel
South Carolina Bankers Association