

From: Kelly Yielding [mailto:kyielding@mcintoshbancshares.com]
Sent: Thursday, July 30, 2009 8:20 AM
To: Comments
Subject: TLGP

I am writing to you with comments regarding the two alternatives for phasing out the Transaction Account Guarantee (TAG) component of the Temporary Liquidity Guarantee Program (TLGP).

The TAG has been an important tool to provide certainty to our bank's depositors covered by the guarantee. I am not convinced the economy has stabilized to the point that our depositors would have enough comfort to have large uninsured or non-guaranteed transaction balances on deposit with our bank. Therefore, I favor the proposed Alternative B to extend the TAG program for six months until June 30, 2010. I do not believe the proposed Alternative A is in our best interest or the interest of our depositors. That alternative would allow the FDIC's guarantee of deposits held in eligible transaction accounts to expire on December 31, 2009.

I also understand that with Alternative B, you are proposing the cost associated with offering this guarantee will increase for participating banks from 10 basis points on deposits in eligible transaction accounts to 25 basis points to cover the expected losses of the TAG program during the extended time frame. I understand the FDIC's concern about properly pricing this coverage to account for the projected cost associated with offering it and have noted FDIC statements about losses incurred at the current pricing level. However, because so many of the losses to the program were because of the failure of one institution, the program would have been profitable to the fund had that failure not occurred. Therefore, I encourage FDIC to take the unique nature and consequences of that one instance into consideration as you make your final decision about whether to increase pricing for the coverage if the program is extended. However, I do believe that, should you conclude the higher cost is justified on a risk-adjusted basis, the increase in cost of this coverage is preferable to not extending the program for six more months, especially given the ability for participating banks to opt out if the TAG program is extended.

I appreciate the ability to comment on this important proposal and am hopeful that extending the TAG program under Alternative B in your proposal will prevail. TAG has been of great benefit to many bank depositors and to the participating institutions, and I feel it is still needed to provide ongoing stability within the current economic cycle.

Thank you for your time and attention.

Kelly A. Yielding
Vice President
McIntosh State Bank - Jackson
678-774-1018 Phone
770-775-8325 Fax
kyielding@mcintoshbancshares.com