

July 30, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 - 17th Street, N.W.
Washington D.C. 20429

RE: Response to Proposed Rulemaking regarding Possible Amendment of the Temporary Liquidity Guarantee Program to Extend the Transaction Account Guarantee Program with Modified Fee Structure

Dear Mr. Feldman:

We are writing in support of the proposed "Alternative B" to extend the TAG program for six months until June 30, 2010, or longer.

It is our belief that the TAG program achieved its intended goal to improve public confidence and encourage depositors to maintain larger account balances at our institution. During a time of uncertainty and stress, the measure likely prevented runs on many banks by reassuring business and personal depositors that the nation's banks were a safe and secure place for their deposits.

It is difficult to measure the benefits of the TAG, but we believe it was successful at calming fears of depositors at Rocky Mountain Bank located in Montana and has led to stability in our deposit base. We can also state that the TAG helped assure that funds were available for lending.

Furthermore, we support a continuation of the TAG program as one of several means to stabilize an economy weakened by unemployment, business closings, foreclosures and uncertainty. It is essential that confidence return to Main Street before we can see sustained improvement. An extension of the TAG program will play an important role in maintaining confidence in the nation's banks. This is particularly true for businesses that are dependent on their financial institution to assure that all funds are safe and want to avoid the inconvenience of spreading funds among several banks to obtain FDIC coverage.

Though there are signs of recovery and "green shoots" commonly associated with a strengthening economy, we believe it is still too early to exit successful programs like the TAG. There can be no assurances that a sustained recovery is imminent. An additional six months or more of unlimited FDIC insurance protection on demand and low interest N.O.W. accounts

would underscore the safety of deposits at America's banks and provide an extended time for businesses, banks and the economy in general to return to health.

Many banks remain in a precarious financial position. To end the TAG prior to a time when these banks have rebuilt their capital would likely result in withdrawals of large deposits currently protected by the TAG program. The effect of such withdrawals would force affected banks to seek funding in the form of borrowings at likely higher costs or raise deposit interest rates to replace the funds. Both actions would produce negative results for the banks.

In response to questions posed by the FDIC on additional topics, my institution supports a six-month extension as a *minimum* time period for a prolonged program. Given the weakness in the economy and poor earnings reports at many banks, a longer period will achieve two goals:

1. Alleviate concerns on the part of depositors, as already addressed above; and
2. Continue the benefits realized by participating financial institutions, especially the attraction of lower cost funding.

The FDIC may also want to consider not setting an end date to the TAG program, instead taking a "wait and see" approach in the event that the economy suffers a relapse causing bank safety and soundness to once again give rise to depositor concerns.

In regard to the FDIC request for comment on the maximum interest rate for NOW accounts under the TAG program, our bank supports a reduction from 0.50% to 0.25%. We believe the sizeable drop in market rates experienced since the TAG program was introduced last year justifies the decrease and will help offset the potential increased expense associated with the proposed increase in the TAG program fee.

Regarding the cost to participate in an extended program, it is our preference that the cost be continued at 0.10% of deposits above \$250,000 per account. Totaling the basic cost of FDIC insurance and adding the emergency assessment (not including a potential second emergency assessment), our cost of FDIC insurance for 2009 is approximately 0.20%, with a cost of 0.30% for deposits covered by the TAG program. An increase to 0.25% on TAG deposits will place our total insurance cost for TAG deposits near 0.45%, which is a potential resistance point for us since the cost would be above current Fed Funds borrowing rates.

Thank you for the opportunity to comment on this important matter.

Sincerely,



Danny T. Skarda
President & CEO
Rocky Mountain Bank

