EAGLE BANK
S&K BANCORP
Of the land, lake and people.

July 29, 2009

Leneta Gregorie, Counsel
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Temporary Liquidity Guarantee Program

Dear Ms. Gregorie,

I am writing to request the FDIC continue the temporary guarantee on non-interest bearing transaction accounts for at least the six months extension identified under Alternative B of the Notice of Proposed Rulemaking.

The temporary guarantee on non-interest bearing transaction accounts is about the only piece of the various programs offered to assist banks during the recent economic crisis that has provided any actual assistance to smaller community banks. It has allowed what I refer to as "true" community banks (smaller banks with limited locations in a specific defined community – not the common definition of banks with assets less than $1 billion) the ability to compete for larger deposit accounts, including municipal accounts, that would not be available to them because of their smaller size and lack pledging alternatives or lack of access to excess deposit bonds.

Our bank is fairly unique, but is a good example of the need for the continued guarantee. Eagle Bank is owned by the Confederated Salish and Kootenai Tribes of the Flathead Nation, and a significant portion of the banks deposits are Tribal funds that require pledging or insurance coverage. Prior to the banking crisis, excess deposit bond coverage

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was available from several carriers, but all have dropped this coverage during the past year.

Because of the extremely low interest rates, it is not possible to purchase securities to pledge to the Tribal deposits and maintain any net interest margin, and until rates improve, the market places Eagle Bank in the position of not being able to take deposits from its shareholder.

The non-interest bearing transaction guarantee has allowed us to continue providing deposit services to the Tribes, and without that deposit relationship, the bank would face extreme liquidity and earnings issues.

The increase in cost to 25 basis points makes the program somewhat expensive, - excess bond coverage was generally priced at 15 to 18 basis points - but at least it offers an alternative for smaller banks. It is appropriate to price the guarantee at a point that will cover the anticipated costs, and then it would be up to the individual bank to determine if the program provides value versus the cost. At 25 basis points, Eagle Bank would continue the coverage.

Our preference would be for a longer term extension than the proposed 6 months to allow the interest rates to return to levels allowing a reasonable return on securities that could be pledged to secure Tribal deposits, or as an alternative, have the FDIC provide ongoing coverage for those banks who elect to participate as a replacement for the excess bond coverage that is no longer available from private carriers.

Thank you for the opportunity to comment on the proposed changes to the TLG program.

Sincerely,

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Martin M. Olsson