NATIONAL PENN BANK
Member FDIC • Equal Opportunity Lender

July 1, 2010

Attention: Federal Deposit Insurance Corporation (FDIC) RIN 3064-AD57

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, DC 20429

Dear Mr. Feldman:

Originally established in 1874, National Penn Bank (National Penn) is the fourth largest banking institution headquartered in Pennsylvania. We pride ourselves on being a *commercial* bank -- we concentrate on serving small to midsize business customers, the types of businesses that make our economy go and grow. We have $9 billion in assets and we operate from 138 banking offices in Pennsylvania and one office in Maryland. We are headquartered at Philadelphia and Reading Avenues in Boyertown and always keep our beginning as a *local, community* bank in mind.

Although we have not grown to $10 billion in assets *yet*, we are writing because of a concern with the Notice of Proposed Rulemaking noted above (the "Proposal"), which would establish a new methodology for assessing large banks (generally those defined as $10 billion in assets) for federal deposit insurance premiums.

That concern arises from our membership in the Promontory Interfinancial Network (Promontory), which provides the Certificate of Deposit Account Registry Service (CDARS). Although CDARS is legally defined as a brokered deposit, our experience is that 97 percent of our CDARS deposits come from customers located within 25 miles of a National Penn office and that, in the past 18 months, when a customer's CDARS CD matured, the deposit was reinvested 94 percent of the time. In other words, CDARS has been for us a stable source of funding from local customers, as well as a beneficial service for them.

The Proposal would establish a brokered deposit adjustment that would be imposed – under certain conditions – on large banks as defined on top of the large bank's insurance assessment. Currently, rules exclude reciprocal deposits exchanged through a network of banks (reciprocal deposits such as CDARS) from the calculation of the brokered deposit adjustment for banks in Risk Category I, in part in recognition of those deposits' stability. The proposal would do away with Risk Categories as a basis for insurance assessment and in doing so would eliminate the exclusion of reciprocal deposits for large banks with low risk profiles (while continuing to allow the exclusion for smaller banks). This appears to be a shift from one methodology (risk categories) to another (individual "scorecards). We respectfully request the FDIC reconsider whether the Risk Category I exemption as it currently exists should be incorporated in the brokered deposit adjustment in the final rule, or whether the same end could be achieved by methodological means.

As the fourth largest banking institution in Pennsylvania, we respectfully request your consideration of these matters.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Sandra L. Bodnyk
Group Executive Vice President
and Chief Risk Officer