Good morning:

Regarding: RIN 3064-AE37 -- FDIC 12 CFR Part 327 -- Assessments: Proposed Rule

The FDIC's proposed rule would make changes to its deposit insurance assessment regulation for banks having less than $10 million in assets. If the proposal were to go into effect as written, reciprocal deposits would be treated as brokered and banks holding reciprocal deposits would have to pay higher premiums than would otherwise be the case.

Independence Bank is community bank with $569 million in assets. At June 30, 2015, the Bank benefited from $121 million in reciprocal deposits.

We strongly believe reciprocal deposits are very similar to, if not the same as, other Bank core deposits. The Bank's reciprocal deposits share three characteristics that define core deposits.

1. Reciprocal deposits are gathered from established deposit customer relationships within our trade area.
2. Our reciprocal deposits have a very high reinvestment rate. They are "sticky" deposits.
3. We set our own interest rates and terms on our reciprocal deposits, just as we do for other deposit products at our Bank.

Our large deposit customers appreciate the convenience of having all of their deposits with Independence Bank, rather than scattering their deposits with multiple banks in order to have their deposits fully FDIC insured.

The FDIC apparently views reciprocal deposits as adding a higher level of risk to a bank's operation. That has certainly not been the case at Independence Bank, and we fail to see the connection that the FDIC has apparently drawn from recent bank failures to the use of reciprocal deposits. We would suggest that other factors had a much more significant impact on bank failures

In conclusion, Independence Bank requests that the FDIC exempt reciprocal deposits from the definition of brokered deposits in its proposed assessment rule.

Sincerely,

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