First Federal
BANK of FLORIDA

September 4, 2015

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking (RIN 3064–AE37)

Dear Mr. Feldman:

The First Federal Bank of Florida welcomes the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) proposing changes to the FDIC's deposit insurance assessment regulation for small banks, which are defined as banks with assets of less than $10 billion. In particular, we would like to comment on the impact of this proposal on reciprocal deposits.

First Federal Bank of Florida is headquartered in Lake City, FL. We have $1,155,702,000 assets and 19 branches. We are part of two reciprocal placement networks. Nearly 13% of our total deposits are reciprocal. We have found reciprocal deposits to be an important source of funding.

As noted in the NPR, the Federal Deposit Act specifically calls for a risk-based assessment system "for calculating an insured depository institution's assessment based on the insured depository institution's probability of causing a loss to the DIF due to the composition and concentration of the IDI's assets and liabilities...." In short, the premium assessments for each individual institution are supposed to reflect the specific and measurable risks posed by its assets and liabilities.

Used properly, reciprocal deposits simply magnify the FDIC coverage limits for an institution. Customers such as governmental units, homeowner's associations, charitable organizations, and similar entities that aggregate funding from a number of people tend to demand all their balances be FDIC insured. Additionally, we are the depository for accounts that are currently deemed brokered, that should not be. In situations where a company, such as a broker dealer locates depositories to accept deposits for its customers idle balances, the fact that the broker\dealer utilizes a third party to source the banks, should not cause these funds to be called brokered. We would support a change in that categorization as well.

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We should not be penalized for giving the customers the convenience of a single stop depository. They would seek out a number of institutions to get the coverage, so the FDIC exposure is the same. We support the current system where reciprocal deposits are excluded from the "adjusted brokered deposit ratio" which penalizes banks for reliance on brokered deposits. The proposed assessment system would no longer exclude reciprocal deposits from the definition of brokered deposits. Collectively, we believe what I would call "institutional aggregated" deposits should not be considered brokered.

A solution is simple: retain the current system's exclusion of reciprocal deposits from the definition of "brokered" for assessment purposes as well as revise the definition of brokered funds to omit institutional placed funds.

Further, we strongly urge the FDIC to support legislation to explicitly exempt reciprocal deposits from the definition of brokered deposit in the FDI Act.

Sincerely,

G. David Brewer
Executive Vice President\Chief Financial Officer

cc:

The Honorable Bill Nelson
716 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable Marco Rubio
284 Russell Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable Ted Yoho
511 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th St., NW
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