NEW SOUTH
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November 7, 2008

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
Attention: Comments--RIN No. 3064-AD35
550 Seventeenth Street, NW
Washington, DC 20429

Re: Notice of Proposed Rulemaking--Deposit Insurance Assessments

Dear Mr. Feldman:

The FDIC is proposing to increase deposit insurance premiums and apply potentially higher premiums on FDIC institutions that use secured liabilities such as FHLB advances, as well as those which use brokered deposits. It would seem to be unwise to choose a time such as this, when Treasury funds are being dedicated to recapitalizing banks, to impose additional levies upon those banks, reducing the effectiveness of those capital injections. FHLB advances provide a cost-effective manner in which banks may access one of the only secondary mortgage markets currently functioning. Additional premiums against FHLB advances will only reduce bank earnings and further stifle the mortgage markets. I hope the FDIC will consider putting off these increases until the marketplace is more stable and solid earnings are more the norm.

The FDIC is also proposing a "Brokered Deposit Adjustment." In this regard, brokered deposits are a cost-effective funding source that is frequently less expensive than other funding options. There is no evidence that banks which utilize brokered deposits are more risky or more likely to fail than banks which use core deposits to invest in similar assets. On the contrary, the FDIC had to step in and negotiate the sale of Wachovia Bank in a "silent run" due to *core deposit* runoff. Brokered deposits allow an efficient allocation of funds among banks at costs that are attractive to the institution, but also to risk-adverse customers and are an important source of liquidity to banks in this economic environment and should not be needlessly discouraged. Brokered deposits are an efficient liquidity management tool, due to the strict prohibitions against early withdrawal except in the case of death or adjudication of incompetence of the depositor, thereby preventing bank failures. The 10% brokered deposit threshold and the 20% growth thresholds are arbitrary and artificially low. Neither benchmark is an indication of risk to the deposit insurance fund. The 10% brokered deposit threshold will discourage reasonable brokered deposit use above that amount because regulators may recognize it as a cap, not a guideline, and may criticize growing institutions in competitive markets. I hope that the FDIC will show some sort of understanding and forbearance to banks, and extend the time to rebuild the insurance fund from 5 years to 10 years. The economy can only recover if we all work together.

Thank you very much and I hope you will strongly consider the ramifications these proposed actions could have on our industry.

Sincerely,

NEW SOUTH FEDERAL SAVINGS BANK

James V. Park (Jim)

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