



November 6, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington D.C. 20429

RE: RIN 3064-AD35, Proposed FDIC Premium Increase

Mr. Feldman:

On behalf of Heritage Bank of Central Illinois and our local market, we are writing this letter to state our opposition to the *Proposed FDIC Premium Increase for Brokered Deposits*. We would like to make some comments on why we are opposed to this Proposal.

- Brokered deposits are cost –effective funding sources that are frequently less expensive than other funding options. In our local community, we are in a very competitive environment and brokered deposits are often cheaper than core deposits.
- Brokered deposits also serve as an important source of liquidity to banks in this economic environment and should not be needlessly discouraged.
- The 10% brokered deposits threshold will discourage reasonable brokered deposits reasonable brokered deposit use above that amount because banks and examiners will view it as a cap, not a guideline.
- The 10% brokered deposit threshold and the 20% growth threshold are artificially low. Neither benchmark is an indication of risk to the deposit insurance fund.
- The fact that DTC brokered deposits are not eligible for early withdrawal (except rare cases of death or adjudication of incompetence), assists the banking institution in the event that customers choose to make a “run on the bank” which has occurred and adversely effected insured institutions in the recent past, often adding to probability of failure of the institution.

We believe that the FDIC should not impose premiums on brokered deposits except as individual bank use warrants an increase. This proposal is not equitable for community banks. As a community bank in these times of economic crisis we have to look out for ways for us to continue to thrive in and give back to our local community.

Sincerely,

A handwritten signature in cursive script that reads "Paul E. Heuerman". The signature is fluid and extends to the right with a long tail.

Paul E. Heuerman
Executive Vice President

A handwritten signature in cursive script that reads "Jackie L. Overstreet". The signature is fluid and extends to the right with a long tail.

Jackie L. Overstreet
VP- Controller