From: Doug Hansen [mailto:doug.hansen@curriestatebank.com]
Sent: Thursday, November 13, 2008 2:57 PM
To: Comments@FDIC.gov.
Subject: RIN 3064-AD35

To Whom It May Concern:
Under the proposal to revise deposit insurance assessment rates, the FDIC has come up with an elaborate but inequitable method for assessing risk and fees based on brokered deposits. Brokered deposits do not in and of themselves cause banks to fail. Poor asset underwriting and lack of capital cause banks to fail. Just because correlation between brokered deposits, growth and failed or troubled institutions is high and seems to be an appropriate measure to risk the true risk lies in the underwriting of the assets not the funding liability.

A bank with a well structured, defined brokered deposit and asset/liability program should not be penalized for having a program in place that enhances core deposits and gives a small rural bank the ability to match fund longer term assets with longer term deposits which are not generally available in a small market.

In rural America and for most banks in the United States funding longer term assets have become difficult if not impossible. The brokered deposit market has provided a great tool to small banks to match fund their balance sheet with reliable non withdrawable (except for death or insanity) deposits. Brokered deposits are a great source of non volatile funding due to this non withdrawable feature and lowers any risk of a run on a bank like core deposits have.

When thinking this through a good laddered brokered deposit program that compliments a core deposit structure provides a bank with better liquidity, better sensitivity and the ability to serve local communities that want long term loans and yet if this proposal is approved banks will be penalized for their efforts. Also, this is like getting a parking ticket after you parked your car and then someone puts up a no parking sign. If it is deemed necessary to penalize banks for brokered deposits, which we certainly disagree with, it should be done going forward with new brokered deposits not for brokered deposits already on the books and in an amount higher than 10% of domestic deposits. An amount of 25% is reasonable for small banks in rural America where deposit generation is tougher and tougher all the time.

The 20% growth factor over 4 years is also very conservative as I have been in banking for 30 years and the standard at every bank I have worked with as well as our competition has been 10% per annum. A 25% increase over one year would seem to be a more logical “asset growth” factor.

Thank-you
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