November 13, 2008

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

Dear Mr. Feldman,

I appreciate the opportunity to comment on several matters regarding the current and future operations of the FDIC and its proposals regarding premiums.

First I would like to comment on a matter regarding liquidity that seems to have been forgotten in the articles I have read. That issue is allowing commercial banks to pay interest on corporate checking accounts. It has been talked about for a long time and I would argue that it would be a source of liquidity to our bank in two ways.

First, it would allow us to acquire funds at a reasonable cost and help our business customers to make a return on idle funds thus providing liquidity to both banks and their customers.

Second, we have provided this service through the use of Retail Repurchase Agreements since 1982. However, if we were allowed to simply pay interest on corporate checking accounts, it would provide additional liquidity in that we would not have to pledge and use repurchase agreements on any deposits up to $250,000 which in our case would provide $4,000,000-$6,000,000 of additional liquidity.

Both of the above mentioned items would allow us to lend more money or have funds available to pledge for other sources of funding if needed.

In dealing with the proposed premiums I would also like to comment that our current Retail Repurchase Agreements should not be penalized as if they are wholesale funding such as Brokered Certificates, Federal Home Loan Bank Borrowings or any CDARS arrangements that banks may have. Retail Repurchase Agreements are dollars that have been swept from the deposits made to our bank by our core customers and are not dollars that we have requested from a third party.

One quick comment regarding CDARS would be that if they are a result of a reciprocal agreement that puts dollars to work in both communities, I think that they should also be considered just as are other deposits. If they are a one way transaction, the bank receiving the dollars would seem to be borrowing from a third party.

It seems to me that the press and even those reporting to the press have used the term "Bank" way too freely. I feel very strongly that banks in our area of the country and many that aren't near us are doing business as usual and should not be criticized for not making loans in the present economy. We have been doing our work as bankers all along and now keep hearing how bad we are and that we need taxpayer bailout when in fact we are a well capitalized bank with adequate profits to fund our growth and pay reasonable returns to our shareholders.

All of this is to say that the FDIC should clarify what a commercial bank is and in doing so, allow only those **banks** that are directly paying the premiums to the FDIC to be allowed to use or refer to the words "bank" and "FDIC Insured". Perhaps that would go a long ways to clarify who we are and certainly adds value to what FDIC Insurance means.

I want to thank you for the work that has been done in these past few months. I realize that you have made many decisions and that there are many more to come. While the Temporary Liquidity Guarantee Program makes sense to us at this time, it is difficult to determine at this time the advantages or possible disadvantages of the TARP program. We will continue to evaluate to find those advantages.

Ronald D. Kranz

Chairman and Chief Executive Officer