



November 12, 2008

Mr. Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street North West
Washington, DC 20429

Re: Notice of Proposed Rulemaking (RIN 3064-AD35)

Dear Mr. Feldman:

Great Southern Bank welcomes the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking proposing changes to the FDIC's deposit insurance assessment regulation. In particular, we would like to comment on two items: on whether "deposits received through a network on a reciprocal basis that meet the statutory definition of brokered deposits be excluded from the definition of brokered deposits for purposes of the adjusted brokered deposit ratio or the brokered deposit adjustment" and on the penalty assigned to the use of Federal Home Loan Bank (FHLB) advances greater than 15 percent of deposits.

Great Southern Bank (FDIC #29546), headquartered in Springfield, Mo., and serving more than 100,000 customer households, offers a full range of products and services including the Certificate of Deposit Account Registry Service (CDARS), which meets the description of a reciprocal placement service in your proposal. Great Southern has participated in the CDARS program for nearly three years. CDARS has proven to be a stable source of funding for the Bank and an attractive service for our customers.

Because CDARS deposits are stable sources of core funding that do not present the risks and other characteristics of traditional brokered deposits, we strongly believe CDARS Reciprocal deposits should be excluded from the definition of brokered deposits for the purposes of this proposal. Brokered deposits chase national interest rates and rarely renew or roll over. In contrast, CDARS interest rates are set locally and have extremely high reinvestment rates. In fact, Great Southern customers renew their CDARS deposits more than 90% of the time. This renewal rate is high by any standard and no different from the roll-over rate in traditional CD programs.

Since CDARS deposits do not exhibit any of the characteristics of traditional brokered deposits, CDARS deposits should not be treated like brokered deposits for purposes of the proposed FDIC assessment regulation. For banks, separately reporting CDARS deposits on the Call Report would be simple. Such reporting could be achieved by simply amending the Call Report or allowing banks to report the figures separately. In addition, we strongly urge the FDIC to support legislation exempting CDARS Reciprocal deposits from the definition of brokered deposits in the FDI Act definition, which would conclusively settle any uncertainty as to the status of CDARS.

We are also writing to comment particularly on the penalty assigned to use of Federal Home Loan Bank (FHLB) advances greater than 15 percent of deposits. Our bank has relied on these advances for many years as an important complement to deposit funding and has used these in a safe and sound manner. We use advances for several reasons. Most importantly, it's a stable source of liquidity that allows us to manage the overall cost of funding. In this volatile environment, there are often weaker institutions that have bid up the cost of local retail deposits. FHLB advances often provide a lower cost of funding than local deposits. Without advances, we would be forced to rely on these deposits more heavily during these periods. If the FDIC added a significant penalty, this would do nothing more than raise the cost of funding – with no change in the risk of the assets that we fund – and end up reducing our bank's profitability.

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Page 2

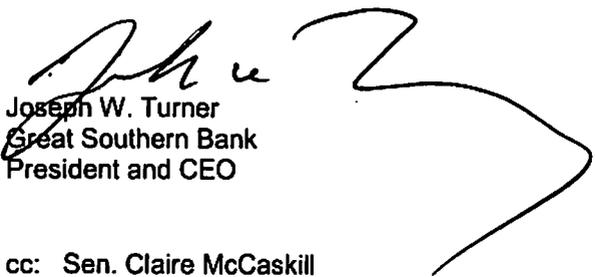
Second, we use advances to match-fund various types of loans. This allows banks like ours to more effectively manage our interest rate risk. This type of funding may not be available elsewhere. Adding an additional cost is not consistent with safe and sound banking.

Seasoned members of the FHLB, like Great Southern, may maintain advance balances higher than the industry average. Comparing seasoned and regular users of advances to the entire industry (as the 15 percent threshold does) does not pick up "outliers" in any meaningful sense of the word. Rather, that 15 percent threshold is capturing normal use of advances and unduly penalizes banks that have used advances in a safe and sound manner for many years. If the FDIC adopts a threshold approach, it should measure outliers relative to the normal advance levels maintained by members that routinely use advances to maintain flexible liquidity and to lower enterprise risk.

The FDIC should not inhibit good, stable sources of funding such as FHLB advances and CDARS deposits. Rather, the focus should be on the risk of the assets that the bank has funded, regardless of the source of funds. Moreover, the FHLB itself polices the use of advances so that the exposure does not become excessive. The FDIC should remove the use of FHLB advances from the rule or, at a minimum, change the threshold to truly capture outliers and not normal users of advances. We also strongly believe that the FDIC should exclude CDARS Reciprocal deposits from the definition of brokered deposits in this proposal.

We appreciate the opportunity to comment on this proposal.

Respectfully yours,


Joseph W. Turner
Great Southern Bank
President and CEO

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Washington, DC 20510

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