



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

November 12, 2008

Re: RIN 3064-AD35, Proposed FDIC Premium Increase

Dear Mr. Feldman:

Even knowing that the opinion of a community banker carries little, if any, weight in any actions the FDIC is considering, I am writing in response to the Federal Deposit Insurance Corporation's request for comments on a proposal to increase deposit insurance premiums.

First, the need to increase deposit insurance premiums is obvious. Community bankers are not oblivious to the declining welfare of financial institutions in the current economic environment; we are operating under the relatively certain premise that the economy will get much worse before it gets better.

Second, community bankers work where we live. We don't see the world from inside the Washington beltway where "one size fits all" type regulatory actions are considered the only solution to address a particular problem. Management decisions of community bankers are not based solely on what is best for our banks, but how can we best serve our clients. At times, as today, this duality of purpose requires us to utilize marketplace resources which are outside our normal operational routines. In the particular case of this bank, the variance from normal operational routines was manifested in the use of brokered deposits.

For us, the decision to begin using brokered deposits was actually forced upon us. This occurred when Wachovia, being a too-big-to-fail institution, was allowed to continue operations until a sale could be orchestrated. Wachovia began paying time deposit rates very near and, at times, at the Wall Street Journal prime rate. This resulted in a never before experienced outflow of our local market deposits. In my mind, at least, when the FDIC permits a condition to exist which makes local market deposits far more volatile than brokered deposits, why should it then promulgate punitive after-the-fact regulatory actions which are detrimental to the viability of many safe and sound institutions.

Though knowing it will not be answered, I can not keep from asking why such restrictive limitations were established in this proposal. Is there truly someone in Washington, not just at the FDIC, who thinks 5% average annual growth of a bank over a four year period is excessive and results in an increased risk to the FDIC insurance fund? Is it too much trouble for the FDIC to review what reasonably contributed (a branch office opened in a new market, for instance) to the growth. Equally questionable is the seemingly arbitrary 10% brokered deposit

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threshold. Is there any evidence that once any bank has exceeded this threshold it has become a significantly higher risk to the insurance fund? Does the FDIC's thought process in fund management exclude the possibility that banks can incorporate operational measures which manage the risk of using brokered deposits in the same manner that other risks are managed?

In closing I would ask that the FDIC consider an alternate method of increasing the insurance fund's reserves to the needed level. Take a simpler and equitable approach which excludes the use of arbitrary elements. Just employ an across the board increase in the assessment rate by risk category on all financial institutions.

Sincerely,



V. Lewis Shuler

EVP & CFO