



**CAPITOL BANCORP**  
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November 10, 2008

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

Re: RIN 3064-AD35, Proposed FDIC Premium Increase

Dear Mr. Feldman:

This letter is in response to the Federal Deposit Insurance Corporation's (the "FDIC") request for comments on a proposal to increase deposit insurance premiums. Among the proposed increases are adjustments including one called "brokered deposit adjustment."

I represent 64 individually chartered community banks owned in whole or in part by Capitol Bancorp, Ltd. (the holding company). Our company has a history of developing banks to serve local communities which have been underserved or financially ignored by large national banks. Our banks use brokered deposits in a very well planned and methodical manner to support lending in the local communities. These deposits are particularly important to our denovo institutions as they support lending in the first two years as the core deposit base is built. Deposits obtained through registered broker-dealers are a dependable source of funding and in some cases are more economical (lower cost) than other funding options available to us, and should not be needlessly discouraged.

The 10% brokered deposit threshold and the 20% growth threshold are both arbitrary standards and will serve to penalize smaller community banks and especially denovo banks. Without special consideration for smaller institutions, and especially denovo banks, credit availability will be slowed if not severely restricted in these communities as they seek to avoid the financial penalties and increased scrutiny and criticism by FDIC regulators. To avoid this stigma, banks will look to other more expensive sources of funding.

We at the holding company believe the FDIC should not impose premiums on brokered deposits except as individual bank use warrants an increase.

Sincerely,

Steve Todd  
Chief of Bank Financial Analysis