David Seleski
President
Chief Executive Officer

STONEGATE BANK

November 13, 2008

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

ID # RIN 3064-AD35

Dear Mr. Feldman:

I appreciate the opportunity to comment on the proposed increase in deposit insurance premiums. As we understand it, this proposal would increase the assessment rate for Risk Category I institutions from the current level of 5 to 7 basis points to an assessment rate of 10 to 14 basis points, plus certain adjustments, effective April 1, 2009.

My primary concern relates to the "Brokered Deposit Adjustment". Again, as we undersand the proposal, for Risk Category I institutions the Brokered Deposit Adjustment would be made if an institution had brokered deposits in excess of 10% of domestic deposits and asset growth of more than 20% during the prior four years.

I wish to share with you several concerns I have about the proposal. These concerns include:

1) The 20% growth rate over the prior four years does not appear to take into account institutions that are not yet even four years old. Our bank is less than four years old and it seems to me rather obvious that a relatively new institution would grow more than 20% in this time frame regardless of business plan or location. Also, some institutions are located in areas of our country where the economy is more vibrant and one might expect a faster rate of growth for that reason alone.

2) We continue to see Certificates of Deposit priced above the prime lending rate by institutions in our market. The all-in cost of a brokered CD is for us a less expensive means of funding our business which has been extremely helpful in continuing to maintain profitability in these volatile economic times. In fact, just the proposed increase in traditional deposit insurance premiums, excluding consideration for this new cost tied to brokered deposits, will elevate our expense

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by more than $120,000 in 2009. At a time when most institutions are struggling to maintain earnings, excessive cost will only compound the problem we are facing. While a brokered CD does not bring a customer relationship with it, we have found it supplements our core deposits nicely and, therefore, serves an important purpose in our daily management of funding costs. We believe a 10% target is too low, just as we believe, for instance, 70% is too high. Our Board has been and continues to be of the opinion that 30% works well for us.

3) We believe that DTC brokered deposits are important tools in match funding fixed rate loans. Since brokered deposits are not generally eligible for early withdrawal, we are able to gain confidence in our planning when the funding side is as or more stable than the loan side. Further, the dependence we can have on brokered deposits not being withdrawn prior to maturity protects the institution from premature excessive withdrawal requests.

If institutions are penalized for the use of brokered funding, especially at a time of tight liquidity, the result could very well be that these institutions will rein in lending and further restrict the flow of money in the very communities that depend on these institutions to help keep funds flowing.

No doubt some institutions have abused the brokered funding mechanism and the result in some cases has been unfortunate. However, if all institutions are penalized because of the actions of a few, that seems to be a case of "throwing the baby out with the bath water". Many responsible institutions could be negatively affected in a regulatory effort to halt the abuse by a few.

I am grateful for the opportunity to offer these comments on this proposal.

Sincerely,

David Seleski
President and CEO

cc: Sen. Mel Martinez

Sen. Bill Nelson

Rep. Debbie Wasserman Schultz

Rep. Ron J. Klein