



Bank of Eastern Oregon

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

Re: FDIC Notice of Proposed Rulemaking, RIN 3064-AD35

Dear Mr. Feldman:

I am the EVP/CFO of Bank of Eastern Oregon, which has \$220 million in assets and 12 branches. We are a member of the Promontory Inter financial Network and offer CDARS Reciprocal Deposits to our customers. We are a small community bank that relies substantially on relationship banking. As discussed below, CDARS deposits should not be included in the FDIC's definition of a brokered deposit for purposes of the Notice's assessment rule.

We do not use traditionally brokered deposits as a regular source of funds. However, the current definition gives the appearance that we do. The only brokered deposits on our call report are CDARS Reciprocal deposits offered as a service to our local customers. Many of these customers are elderly people who simply want their money FDIC insured—otherwise they would have to establish and track accounts at several banks themselves.

Nearly all of our CDARS relationships are set up on automatic reinvestment, some of them have maturities out to three years and are on reinvestment status. CDARS deposits are 100% gathered within our geographic footprint through established customer relationships, and the rates come from the same rate sheet as any of our other CD's.

It would be a simple matter for the bank to separately report its CDARS deposits if this would address the FDIC's concerns.

CDARS deposits should be excluded from the Notice's definition of brokered deposits. In fact, CDARS Reciprocal deposits should not be considered brokered deposits for any purpose.

Sincerely,

Mark Lemmon, CPA
EVP/CFO
Bank of Eastern Oregon

cc: Sen. Gordon Smith

404 Russell Senate Office Building
Washington, DC 20510

Sen. Ron Wyden

230 Dirksen Senate Office Building
Washington, DC 20510

Rep. Greg Walden

1210 Longworth House Office Building
Washington, DC 20515

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