



GEORGIA BANKERS ASSOCIATION
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December 16, 2008

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Attention: Comments – RIN No. 3064-AD35
Re: Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

I write on behalf of Georgia's more than 336 FDIC insured banks with regard to those parts of the FDIC's October 7, 2008, proposed rulemaking that would become effective on April 1, 2009. In particular, we are commenting on those portions altering the way in which the risk-based assessment system differentiates for risk, changing deposit insurance assessment rates, and other technical changes to the rules governing the risk-based assessment system.

At the outset, our member banks feel that the current extraordinary circumstances that prompted the federal government to take recent FDIC insurance coverage related measures are not consistent with the rationale behind the proposed new premium structure. Those measures included increasing deposit insurance coverage levels to \$250,000, extending deposit insurance coverage to all non-interest bearing transactions deposit accounts and providing FDIC guarantees to unsecured debt issuances of insured depository institutions. This proposed rule was developed before these actions were implemented which will expire at the end of 2009. This expiration date will most certainly trigger a thorough review of our deposit insurance system in the coming year. Therefore, we would recommend a longer timeframe to establish a new premium schedule to coincide with such a review.

However, under the proposed rule as written, risk-based premiums will be higher for institutions that use secured liabilities in excess of 15 percent of domestic deposits. These liabilities include Federal Home Loan Bank advances. Penalizing the use of FHLBank advances will increase a bank's operating costs and may well lead to less stable deposits and decreased lending in their communities.

The proposed rule also inquires whether deposit placement services such as CDARS should be exempt from the definition of brokered deposits for the purpose of the rule. Our members that use such a program believe it gives them the ability to hold on to their large, valuable customers, thereby keeping funds in the communities to support local loan demand. So, even though CDARS deposits are currently considered "brokered" funding which should be changed by statute, for the time being, this program should be exempt from this definition and not subject to any potential penalty.

I appreciate the Board's consideration of our members' views on this proposal and trust that you will contact me if we can provide further information.

Sincerely,

Joe Brannen
President