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November 3, 2008

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

Re: RIN # 3064-AD37

Mr. Feldman:

We appreciate the opportunity to comment on the FDIC Temporary Liquidity Guarantee Program (the "Program") Interim Rule. We are a correspondent bank with customers in 23 states and will provide comments from both our and our customer's perspective which we hope will be considered in finalizing the Rule.

Debt Guarantee Program

As of June 30, 2008, approximately 95% of the 8,300 plus financial institutions in the United States are under $1.5 billion in assets. Fed Funds Purchased is typically the only type of senior unsecured debt issued by most of these institutions. These banks regularly rely on correspondent banks to provide Fed Funds Accommodations that are used for managing and meeting short-term liquidity needs. Listed below are several areas of concern for both correspondents and their respondent customers with regards to this program and suggestions for improvement:

1. Cost of participating in the program – 75 basis point annualized fee is excessive as it relates to Fed Funds.

   Suggestion: Of the types of senior unsecured debt covered under the Program, Fed Funds purchased is widely considered the least risky since it is overnight exposure. We propose that Fed Funds Purchased should be treated as a separate debt instrument under the Program with a lower fee associated with the guarantee. We recommend a fee of 25 basis points annualized.

2. Potential loss of available short-term liquidity – since the cap is calculated at 125% of the senior unsecured debt as of September 30, 2008 and does not consider available, unfunded Fed Funds Accommodations, respondent banks potentially could lose some liquidity.

Suggestion: We propose for the purposes of Fed Funds Purchased, the amount of the cap should be calculated as the greater of 125% of the senior unsecured debt outstanding on September 30, 2008, which applies to those banks active in the national Fed Funds market, OR 100% of the Fed Funds Accommodations lines available to the institution as of September 30, 2008, which applies to the typical community bank.

3. Since Fed Funds Purchased is typically issued and matures on a daily basis, the method by which the fee will be assessed seems very cumbersome.

   Suggestion: We propose the assessment for Fed Funds Purchased be determined by utilizing a monthly or quarterly average of Fed Funds Purchased and multiplying that by the fee annualized. Both from a participating bank and the FDIC perspectives, this will be a much simpler and efficient method of collecting the assessment.

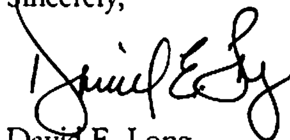
4. The Final Rule will not be issued until after the comment period ends on November 13, 2008 even though the deadline for opting-out of one or both components of the Program is November 12, 2008.

   Suggestion: In order for institutions to make a fully informed decision whether or not to opt-out or stay in the Program, the opt-out date should be extended to 5 business days after publication of the Final Rule. In addition, this would allow for more time for participating institutions to work with their primary federal regulator and the FDIC to affirm their cap.

An equally important and additional factor to consider in lowering the fee for Fed Funds Purchased (our recommendation is 25 basis points) is the Federal Reserve's recent action on October 22, 2008 that increases the rate paid on excess balances left at the Federal Reserve. The Federal Reserve increased their rate paid from the lowest Fed Funds Target Rate during the maintenance period less 75 basis points to that target rate less 35 basis points. This sets an artificial floor on the market rate for Fed Funds. In order to manage net interest margin, banks need the ability to absorb some of the cost of the Program through potential rate changes. Through the Federal Reserve's action, correspondent banks are considerably limited in their ability to adjust their rates.

Thank you again for the opportunity to comment. We feel strongly these suggestions will encourage broader participation by banks of all sizes thus accomplishing one of the primary intents of the Program by increasing and stabilizing interbank lending.

Sincerely,



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