



Member FDIC

October 17, 2008

Mr. Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street North West
Washington, DC 20429

Re: Notice of Proposed Rulemaking (RIN 3064-AD35)

Dear Mr. Feldman:

Mohave State Bank welcomes the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking proposing changes to the FDIC's deposit insurance assessment regulation.

In particular, we would like to respond to the request for comments on whether "deposits received through a network on a reciprocal basis that meet the statutory definition of brokered deposits be excluded from the definition of brokered deposits for purposes of the adjusted brokered deposit ratio or the brokered deposit adjustment?"

We are headquartered in Lake Havasu City, AZ and we have \$360 million in assets and 6 branches. Our bank has served the people of Arizona for more than 17 years. We offer a full range of products and services, including the Certificate of Deposit Account Registry Service (CDARS), which meets the description of a reciprocal placement service in your proposal.

Because CDARS deposits are stable sources of core funding that do not present the risks and other characteristics of traditional brokered deposits, we strongly believe CDARS Reciprocal deposits should be excluded from the definition of brokered deposit for the purposes of this proposal.

Our marketing of the CDARS product has been instrumental in our ability to maintain and grow deposits within our community. Citizens are concerned about the safety of their money, and this product allows us to maximize the coverage of local citizens without tapping into added FDIC coverage. It seems to be the best alternative for us, our customers, and the tax payer.

Lake Havasu City
1771 McCulloch Blvd.
Lake Havasu City, AZ 86403
(928) 855-0000

Lake Havasu North
1021 N. Lake Havasu Ave.
Lake Havasu City, AZ 86403
(928) 453-0000

Kingman
3737 Stockton Hill Rd.
Kingman, AZ 86401
(928) 692-9200

Bullhead City
3651 Highway 95
Bullhead City, AZ 86442
(928) 704-0000

Yuma
2450 S. 4th Ave., Suite 600
Yuma, AZ 85364
(928) 344-8822

Mr. Robert E. Feldman
Page 2

Our customers renew their CDARS deposits 94% of the time. This is high by any standard and no different from the roll-over rate in traditional CD programs. It also should come as no surprise since our customers do not seek out our bank's CDARS program because we pay the highest interest rates. Rather, our customers take advantage of our CDARS offering because they find it more convenient to maintain a single banking relationship with us rather than going to multiple banks only to obtain additional deposit insurance protection.

Since CDARS deposits do not exhibit any of the characteristics of traditional brokered deposits, CDARS deposits should not be treated like brokered deposits for purposes of the proposed assessment regulation. For banks, separately reporting CDARS deposits on the Call Report would be simple. Such reporting could be achieved by simply amending the call report or allowing us to report the figures separately. In addition, we strongly urge the FDIC to support legislation explicitly exempting CDARS Reciprocal deposits from the definition of brokered deposit in the FDI Act definition, which would conclusively settle any uncertainty as to the status of CDARS.

We appreciate the opportunity to comment on this proposal.

Sincerely,



Ralph E. Tapscott
President and CEO

cc: Sen. Jon Kyl

730 Hart Senate Office Building
Washington, DC 20510

Sen. John McCain

241 Russell Senate Office Building
Washington, DC 20510

Rep. Trent Franks

1237 Longworth House Office Building
Washington, DC 20515