

**Independent Banks of South Carolina
POB 1184
Irmo, South Carolina 29063**

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Attention: Comments – RIN No. 3064-AD35

Re: **Notice of Proposed Rulemaking – Deposit Insurance Assessments**

Dear Mr. Feldman:

On behalf of Independent Banks of South Carolina we submit the following comments regarding the Federal Deposit Insurance Corporation's proposal to increase deposit insurance premiums and to levy even higher premiums in association with the use of secured liabilities. It is vitally important not to harm the institutions that provide liquidity, which often are institutions so important to Main Street.

Advances from Federal Home Loan Banks are a vital source of liquidity for our members. FHLBank advances provide community banks with access to reliable and stable low-cost funding. For many banks, FHLBank advances are the lifeblood of their credit. They help community banks serve the credit needs of their communities, support homeownership, and assist local community development. Anything that would penalize the use of advances would thwart the efforts by the Treasury, Congress and the Federal Reserve to restore liquidity to the credit markets.

Certain provisions in the regulations would increase deposit insurance premiums and levy even higher premiums associated with the use of FHLBank advances. These proposed increases would make lending money more expensive just at a time when the national goal is lower the cost of borrowing. It would be counterproductive, in this economic atmosphere, to make it harder for banks to function by raising their cost of doing business. Many institutions would extend less credit in their communities, which would harm those communities and the broader economy as a whole.

We encourage you to carefully reexamine this proposal and withdraw the proposed higher premium on the use of FHLBank advances.

Instead of adopting this proposed rule, we believe the FDIC could better achieve its policy goals by taking these steps:

- The FDIC should utilize its “extraordinary circumstances” authority to extend the time period to rebuild the FDIC fund from five to ten years. This will limit unnecessary stress on insured depository institutions.
- The FDIC should establish a new premium schedule at the end of 2009. This is a more prudent timeframe to establish a new premium schedule given the current environment and the temporary emergency actions taken by the government that will expire at the end of 2009.

The Independent Banks of South Carolina appreciates the opportunity to comment about the proposed FDIC regulations. Please address any questions about our position to Kelly Smith, Executive Director of the Independent Banks of South Carolina, phone 803-772-5543, or kellysmith@as-irmo.com.

Sincerely

Kelly Smith
Executive Director
Independent Banks of South Carolina