



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:

I am writing to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking that proposes changes in deposit insurance assessments. Specifically, I would like to comment 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?"

TexStar National Bank is based in Universal City, Texas and has assets of \$126 million. We have 4 branch locations in Converse, Texas, New Braunfels, Texas and San Antonio, Texas. Our bank is almost 6 years old. The bank offers 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. The CDARS product allows our customers to maintain a single banking relationship and obtain deposit insurance protection for those deposits that exceed the FDIC threshold. At the same time CDARS deposits represent a stable source of core funding for the Bank. As a result, we strongly believe that CDARS Reciprocal deposits should be excluded from the definition of brokered deposits for the purposes of this proposal.

All of our CDARS deposits are from our local customers that are primarily concerned about the security of their deposits. In fact our CDARS rates are the same as our non-CDARS rates. Unlike brokered deposits, our CDARS customers are not chasing rate. Brokered deposits tend to have low renewal rates. However, we enjoy a renewal rate of 90% on our CDARS, which is the same as our traditional CD renewal rate.

Since CDARS deposits do not exhibit any of the characteristics of traditional brokered deposits, we believe that CDARS deposits should not be treated as brokered deposits for the purposes of the

proposed assessment regulation. Since CDARS deposits actually promote stable deposit growth that does not present a risk to the Deposit Insurance Fund we would further request that the FDIC support legislation that would exempt CDARS Reciprocal deposits from the definition of brokered deposits. It seems wrong to penalize banks that are helping their customers find a way to secure their deposits.

Thank you for the opportunity to comment on this proposal.

Sincerely,



Byron K. Bexley
Chairman and CEO

cc: **Senator John Cornyn**
517 Hart Senate Office Building
Washington, DC 20510

Senator Kay Bailey Hutchison
284 Russell Senate Office Building
Washington, DC 20510

Representative Lamar Smith
2409 Rayburn House Office Building
Washington, DC 20515

Representative Henry Cuellar
336 Cannon House Office Building
Washington, DC 20515