



BANK OF COLBY
240 West 4th Street • Colby, KS 67701
(785) 462-3321

October 22, 2008

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,

The Farmers & Merchants Bank of Colby welcomes the opportunity to comment on the FDIC Notice of Proposed Rulemaking proposing changes to the FDIC's deposit insurance assessment regulation.

I would like to respond to the request for comments on whether "deposits received through a network on a reciprocal basis 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?"

F&M Bank is located in Colby, KS and has \$99,286,257.00 in assets and 1 branch. Our bank has served the people of Northwest Kansas for more than 100 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. We strongly believe that CDARS Reciprocal deposits should be excluded from the definition of brokered deposits for the purposes of this proposal.

Brokered deposits chase national interest rates, compared to CDARS CDs, where interest rates are set locally. Brokered CD 's rarely renew or roll over. CDARS deposits, on the other hand, have extremely high reinvestment rates. Our customers renew their CDARS deposits 99% of the time. This is high by any standard and no different from the roll-over rate in traditional CD programs. This should come as no surprise since our customers do not seek out our bank's CDARS program because we pay the highest rates. Our customers enjoy CDARS because they find it more convenient to maintain a single banking relationship with us rather than going to multiple banks 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 the 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 I 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.

Thank you for the opportunity to comment on this proposal.

Sincerely,



Brent M Wiedeman

President /CEO

Farmers & Merchants Bank
240 W 4th St
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