November 10, 2008

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th St, N.W.
Washington, D.C. 20429

Re: FDIC Notice of Proposed Rulemaking, RIN 3064-AD35

Dear Mr. Feldman:

U.S. Treasury certified FDIC-insured Community Development Financial Institution (CDFI). We are a member of the Community Development Bankers Association and the Promontory Interfinancial Network. Our "Houses to Homes" program has financed the rehabilitation of 1,500 homes for Twin City residents since the program's creation in 2000.

We are writing to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking, RIN 3064-AD35. In particular, for the purposes of the proposed rule, we strongly urge the FDIC to exclude from its definition of "brokered deposits" those "*deposits received through a network on a reciprocal basis that meet the statutory definition* of a *brokered deposit.*" Without that exclusion, the FDIC's proposed rule would define "brokered deposits" in such a manner as to include reciprocal deposits received through services such as the Certificate of Deposit Account Registry Service (CDARS).

Community Development Banks (CDBs) like University Bank make a difference – perhaps THE difference – in the lives of people in the low income communities we serve. We often are the only source of credit and financial services in our communities. We make loans to build and renovate housing so that people have a decent place to live. Our housing lending, in turn, sparks revitalization from other neighbors improving the community. We make loans to small businesses so that people will have jobs. The businesses we lend to, in turn, act as magnets that draw other businesses into the community. Our lending has a ripple effect throughout the community far beyond our direct customers, changing a community's dynamic. We are the leaven that lifts up entire neighborhoods by empowering people, individually and collectively, with the resources they need to effect positive change where they live.

We operate in places with modest discretionary income and insufficient means to raise deposits to meet the demand for credit. As an integral part of our strategy, therefore, we raise deposits from civic-minded and socially-motivated individuals and institutions within our greater market areas. Our experience demonstrates that investors are willing to invest much larger deposits in a CDB if they are assured those deposits are secured. CDARS Reciprocal provides that assurance.

Without CDARS as a magnet for attracting socially motivated investors, it would be more difficult for us to originate loans. We urge the FDIC to ensure CDARS can continue to play its critical role.

The facts show that CDARS is different from traditional brokered deposits. CDARS Reciprocal deposits have the characteristics of other core deposits; very high reinvestment rates, money deposited by local customers, and interest rates that are rarely above other local banks in the local market. CDARS Reciprocal deposits are simply not "hot money."

We strongly believe that CDARS Reciprocal deposits is an invaluable tool to help University Bank and other CDBs meet the needs of our communities. Absent an explicit and formal exemption, there is a danger that CDARS and the CDBs that rely on CDARS will end up as collateral damage in the FDIC's broader effort to restrain the use of traditional brokered deposits.

Please help us help our communities. We strongly urge you to exempt CDARS Reciprocal deposits from the definition of brokered deposits in this rule. We also urge the FDIC to support exempting CDARS Reciprocal deposits from the definition of brokered deposits in the FDI Act to eliminate the possibility that CDARS might be swept into future efforts to discourage the use of traditional brokered deposits.

Thank you for your consideration of our views on this important matter.

Sincerely,