From: Tony Campana [mailto:tcampana@firstfedlorain.com]
Sent: Thursday, January 29, 2009 11:02 AM
To: Comments
Subject: Proposed FDIC Interest Rate Restrictions

Dear FDIC:

It is about time that the FDIC put limits on weak financial institutions ability to pay above market rates on deposit accounts. The government is taking all the risk in insuring these institutions for taking on higher asset risk and causing other institutions from being more profitable. The customer could care less if these institutions are adequately capitalized because there money is insured by the Federal Government. The public and the regulators seem to perceive that just because a company grows their deposits they are a profitable company.

Our institution has found it cheaper to borrow money verses paying above market rates. One of the institutions in our market recently had their profit margin drop by 65 basis points during the biggest drop in interest rate history. On the other hand, our profit margin increased by 60 to 70 basis points during the same period. The key to success is to manage your liabilities effectively which most institutions fail to do because they are always paying above market rates. It is hard to believe that we can now borrow money overnight at .48 basis points. I would just assume let the money walk out the door to the weaker institutions and let the Federal Government take all the risk of insuring those dollars. Especially, if the FDIC continues to let it happen.

Sincerely,

Anthony T. Campana
Treasurer