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October 1, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington DC 20429

Re: RIN #3064-AD37; Notice of Proposed Rulemaking Regarding the Possible Amendment of the Temporary Liquidity Guarantee Program to Establish an Emergency Guarantee Facility

Dear Mr. Feldman:

The Independent Community Bankers of America[1] (ICBA) welcomes the opportunity to comment on the proposed rule to amend the FDIC's Temporary Liquidity Guarantee Program (TLGP) to establish an Emergency Guarantee Facility in which the FDIC would guarantee certain senior unsecured debt on an emergency, case-by-case basis.

The Federal Deposit Insurance Corporation (FDIC) adopted the TLGP as a temporary program to address unprecedented disruptions in credit markets. The Debt Guarantee Program (DGP) Program is one component of TLGP and permits participating entities to issue FDIC-guaranteed senior unsecured debt until October 31, 2009 with the FDIC's guarantee expiring no later than December 31, 2012.

Summary of Proposal

To reduce market disruption and facilitate the phase-out of the DGP, the FDIC is proposing two alternatives. One alternative would be to end the DGP on October 31, 2009 as is provided for in the current regulation, and the other would be to

[1] The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an everchanging marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold $1 trillion in assets, $800 billion in deposits, and $700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

establish and make available on a limited, case-by-case basis, an emergency guarantee facility.

Under the second alternative, institutions would have an opportunity to submit for FDIC approval an application to issue FDIC guaranteed senior unsecured debt between November 1, 2009 and April 30, 2010. Among other requirements, applicants would be required to submit a written application describing the details of the request, proposed use of the debt proceeds and summarizing the applicant's strategic operating plan. An applicant requesting issuing senior unsecured non-guaranteed debt after June 30, 2009 must also provide a summary of the applicant's strategic operating plan and its plans for the retirement of any guaranteed debt.

The FDIC's guarantee of principal and interest payments for these debt issuances would extend through the earliest of the mandatory conversion date, maturity date or December 31, 2012. The emergency guarantee facility would be designed to address an institution's inability to replace maturing debt through non-guaranteed sources as a result of a market disruption or other circumstance beyond the institution's control.

ICBA's Position

The TLGP, including the DGP, had an overall positive impact on restoring liquidity to and confidence in the banking and financial services industries during its issuance period and ICBA supports the FDIC's efforts to restore credit markets and preserve trust in our nation's banking system and economy. While very few community banks issue senior unsecured debt or have outstanding debt in the Guarantee Program[2], the DGP, like any temporary program, should be concluded in a manner that least disrupts our markets. If an emergency guaranty facility is approved, it should be granted on a limited case-by-case basis for emergency circumstances. Entities wishing to participate should be required to submit an application and demonstrate an inability to issue non-guaranteed debt to replace maturing debt as a result of market disruptions or other circumstances beyond the entities' control.

Furthermore, if the FDIC opts to phase-out the program with an emergency guaranty facility, ICBA agrees it should be limited to an insured depository institution or other entity that issued FDIC-guaranteed senior unsecured debut on or before September 9, 2009. Domestic credit and liquidity markets are beginning to normalize and the number of entities that are now issuing debt under the DGP has decreased. Furthermore, eighty-one insured depository institutions have issued FDIC-guaranteed debt through the DGP since the program's inception and most would likely not meet the application requirements

[2] FDIC Quarterly Banking Profile, Second Quarter 2009 states that 44 out of 8,087 eligible insured depository institutions under $10 billion in assets had debt outstanding in the guarantee program as of June 30, 2009.

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to participate in the emergency guarantee facility. Limiting the eligible applicants would be an appropriate means for concluding the DGP.

The FDIC is proposing to assess an annualized participation fee of at least 300 basis points with an option for an increase depending upon the risks present in the issuing entity's organization. ICBA supports a robust participation fee to encourage a winding down of the program. Furthermore, a high participation fee could generate increased TLGP revenue, which could be used to help recapitalize the Deposit Insurance Fund (DIF) at this critical time when the fund needs capital. Therefore, we urge the FDIC to consider transferring portions of the TLGP balance to the DIF at this time rather than waiting until the end of the DGP program.

Conclusion

While the DGP program was not utilized by the vast majority of community banks, it helped stabilize the market and facilitate confidence in the commercial paper markets during its issuance period. Developing an appropriate means for its conclusion would minimize potential market disruptions.

ICBA thanks you for the opportunity to comment on the proposal to establish an emergency guaranty facility. If you have any questions or need additional information, please do not hesitate to contact me by email (Lilly.Thomas@icba.org) or telephone at (202) 659-8111.

Sincerely,

/s/

Lilly Thomas
Regulatory Counsel