

Ms. Sheila Bair
Chairman
Federal Deposit Insurance Corporation
MB 6028
550 17th St. NW
Washington, D.C. 20429

Dear Chairman Bair,

I am writing in response for public comment of the FDIC Notice of Proposed Rulemaking to amend and extend the TAG program. Sterling Savings Bank, the largest community bank in the Northwest, is a strong supporter of the TAG program. The program provides a level playing field for banks of all sizes in this market.

The TAG program has provided assurance to the customers of community banks and built confidence in our banking system during these uncertain times. It has allowed our customers to feel that their money is safe. In fact, within 48 hours of the FDIC proposal release, we began to receive inquiries from customers about the impact of the updated programs on their accounts. We greatly appreciate the opportunity to make the following comments on the proposed changes:

- Allowing TAG to sunset in this market would likely exacerbate the “too big to fail” problem by further centralizing deposit control into a few large institutions. For this reason, we support the extension of the TAG program described as Alternative B. In fact, we recommend extending the program to at least December 2011 to ensure confidence throughout the recovery cycle.
- Risk to the FDIC may be aggravated by compliance issues with the program. We support increased efforts to limit programs that attempt to bypass the 50 bps limit by aggressive combination strategies.
- We support assessing a premium anticipated to cover the cost of the additional insurance. The rate should consider the recent increases to FDIC premiums on all deposits (including those covered by the TAG program) and expected cost of coverage on just these additional transaction deposits. By keeping deposits in banks instead of money market mutual funds or other products, this program will add balances and total FDIC premiums under both calculations.
- We support a drop in the maximum de minimus rate (available on NOW accounts) to a range of 35-40 bps. This more closely matches current market alternatives. Dropping the rate to 25 bps may encourage the 19 stress-tested banks to grab market share by pricing at higher levels with the implied security of government backing.
- We believe the opt-out schedule is inconsequential as few banks will opt out.

Again, thank you for the opportunity to comment on the TAG program, which we strongly support, and for the excellent leadership and support of community banks you have demonstrated during these difficult financial times.

Sincerely,



Greg Seibly
President
Sterling Savings Bank

cc: Senator Patty Murray
Senator Maria Cantwell
Congresswoman Cathy McMorris Rodgers