Sent: Friday, October 23, 2009 2:03 PM
To: Comments
Subject: Proposed Guidance on Correspondent Concentration Risks

I have one question and one comment.

Does this proposed guidance supersede the unlimited amount we can have at a correspondent bank if the correspondent bank is well capitalized under Regulation F?

The 25% cap on amounts held at a correspondent bank should be flexible enough to allow sufficient time to manage and adjusts balances and funds. We are a $200 Million dollar bank with about $31 Million in capital. I find that from a day to day operating prospective we can easily have a fluctuation of $2 to $5 Million in our correspondent account which is 6% to 16% of capital. In addition, there are several times during the year when we receive a large deposit (via check) of approximately $20 Million (64% of capital). Since it is considered uncollected it must remain in the account and we cannot transfer any of it out until it is collected. The guidance needs to be flexible enough to allow for the collection of these funds and then the movement of these funds either by our customer or by us. These are usually federal, state or municipal accounts that receive large dollar amounts and many times they move the money out in a few days so I have to have the funds available for large outgoing ACH or Wire Transfer requests.