Comment on Rulemaking

12CFR Part 330

RIN

Subject: Response to rulemaking change for Unlimited Coverage for Non interest-Bearing Transactions Accounts.

Date: October 7, 2010

From Brent Pearson- Treasury Management Officer at a Community Bank

To the distinguished Legal Governance Committee and FDIC Board of Directors .

In regards to your finalization of the FDIC Board Proposal rules on Temporary Unlimited Deposit Insurance Coverage for Noninterest- Bearing Transaction Accounts, here are important changes which I believe should be reconsidered and why they should be changed.

The goal of the Treasury Department and the FDIC should be congruent. The common goal that both agencies have is to create an atmosphere of economic strength for our country. One where situations of doubt and uncertainty in banking markets are limited, or do not exist altogether.

As a community banker I understand the importance of the economic roles that domestic small business and middle markets play in our world. It is vital for these groups to have access to credit to purchase inventories, meet payroll, establish senior debt on commercial real estate and finance research. Those are the types of activities that spur economic growth.

A banks ability to do this is provided by capital levels and ultimately the equity it has developed through day to day business activity. Since a banks yield spreads ultimately determine its ability to produce revenue, it is equally vital that not only credit quality be maintained, but that its deposit portfolio be liquid, measureable, stable and relied upon as an offset to its credit assets.

During the near panic of 2008-2009, many municipalities sought shelter for their funds in NOW accounts to earn nominal interest and at the same time provide protection under the umbrella of the FDIC. NOW accounts were the perfect vehicle for to offset these fears and provide small returns with less risk than what the State pools provided. In addition, many banks structured deposits in such a way, blending combined balances in NOW accounts and collateralized money markets to ensure not only safety but necessary returns for this sector.

At the same time, these accounts provided an excellent source of liquidity and important component to reach a bankers goal of maximizing yield spread. That is how we ultimately can lend to our clients, with the equity we establish.

The small changes, while deemed subtle, will have an adverse impact on our economy as it will force municipal agencies to find other investments outside of the banking industry and cause additional runoff to banks deemed to big to fail. IOLTAs should not be put at risk and people should be able to count on having their money protected in a bank, even if it were to fail. Community banks only hold 11 percent of the total overall assets but are responsible for 40% of the total access to credit. The need to be able to offer the protection of NOW accounts and the FDIC's protection to operate.

The current proposed changes will further undermine the position's of community banks to service our small business which are the foundation of our national economy. In addition, it is not profitable to communities to shut down banks, but rather give the tools to fund their portfolios and service their clients.

I ask the Committee to reconsider their proposed changes from the TGIP bill to the Dodd- Frank Bill and amend it to where all interest bearing accounts paying less than .50% will be fully insured. I also ask that this full coverage be extended to all business accounts when the time comes in June of 2011, to allow for such. This is one way that we can alleviate the fear which is causing havoc on our economy.

To do this would be good to help stabilize bank balance sheets, so that we don't have to close more banks, it would help provide capital so that banks can start lending to small businesses again, and it would provide the needed safeguards for special districts and municipalities to rely upon in these challenging times. It just makes good sense and that's what we need to act upon.

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