

From: Leton L. Harding [mailto:lharding@firstbank.com]

Sent: Wednesday, April 21, 2010 5:03 PM

To: Comments

Cc: Ed Yingling; Jim Chessen; bwhitehurst@vabankers.org; bbarrett@TNBankers.org; Mark Nelson

Subject: Interim Rule(4/19/10)- RIN 3064-AD37

Importance: High

The Honorable Sheila C. Bair
The Federal Deposit Insurance Corporation
1776 F Street, NW,
Washington, DC 20006

Dear Chairman Bair,

Thank you and the FDIC for your consideration of extending the Temporary Liquidity Guarantee Program (TALF). This service is deeply appreciated by our customers and the banking industry.

Our bank, The First Bank and Trust Company, Abingdon, Virginia, has utilized this service to provide safety and returns to many customers, particularly public sector entities.

Many, if not most, public entities are struggling with diminished tax collections as incomes and asset values have dropped. We have used the current TALF ceiling rate of fifty (50) basis points to provide an enhanced earnings source for many counties, cities and towns when compared with the rate, currently twenty three (23) basis points, offered by the Virginia Local Government Investment Pool offered by the Treasurer of Virginia. In addition, these entities are pleased in bringing deposits back into their local communities to be used by a local bank in extending loans to business, farms and consumers in the communities we serve.

While we were pleased to learn of the extension of the TALF program we were very disappointed in the proposed cap rate of twenty five (25) basis points. The decrease in the covered rate will cause our bank to either reduce the rate we offer to maintain the FDIC coverage levels for public entities or to divert funds in to securities to use as collateral for these deposits. In the event of the later we will be diverting funds that could have been used to make loans diminishing the opportunity to support growth in our communities at a time when making and funding loans would benefit our communities.

It is our hope that the FDIC will consider maintaining the current rate of fifty (50) basis points or at a minimum grandfathering existing accounts that would be at that level as of June 30, 2010.

Reductions in earnings for these public entities will force many to consider staff cutbacks, reductions in services or increasing tax rates to make up for lost revenue.

Thank you for considering changing this portion of your proposed regulation.

Most Sincerely,
Leton L. Barding, Jr.
EVP
The First Bank and Trust Company

Cc Mr. Ed Yingling, President , American Bankers Association
Mr. James Chessen, Chief Economist, American Bankers Association
Mr. Bruce Whitehurst, President, Virginia Bankers Association
Mr. Bradley Barrett, President, Tennessee Bankers Association
Mr. mark Nelson, CFO, The First Bank & Trust Company