



September 4, 2015

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

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking (RIN 3064-AE37)

Dear Mr. Feldman:

Founded in 2006, ProAmerica Bank is the first California-chartered Latino-formed business bank to form in Los Angeles in more than two generations. We are classified as a Minority Depository Institution by the Federal Deposit Insurance Corporation (FDIC). We are certified as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury. The Treasury also has certified ProAmerica Bank as a minority financial institution under its Minority Bank Deposit Program. These designations help affirm that ProAmerica Bank is firmly committed to developing markets, growing communities, and expanding the economy through loans to minority-owned businesses. As a community bank, we empower small-to-medium-sized businesses, nonprofit organizations and professional services firms with the financial solutions and access to capital that they need to succeed.

Headquartered in Los Angeles, CA, ProAmerica Bank has \$189 million in assets and \$160 million in deposits. Of those deposits, \$51 million – or about 32 percent – are reciprocal deposits. Because we are a minority-owned bank, reciprocal deposits play a critical role in our funding strategy.

We welcome the opportunity to comment on the FDIC's Notice of Proposed Rulemaking (NPR) on insurance assessments for small banks, and particularly on the impact this proposal would have on minority-owned banks such as ours that hold reciprocal deposits.

To make loans, we need deposits. Reciprocal deposits enable banks like ours to attract large deposits from socially-motivated investors, and in our case specifically from corporations, foundations and municipalities. These investors want the security that reciprocal deposits provide. As a result, we rely on reciprocal deposits much more than other community banks do.

The proposal would arbitrarily impose a significant penalty on banks that use reciprocal deposits, a penalty that would hit minority-owned banks like ours the hardest.

Moreover, we put reciprocal deposits to work as loans in our community. If this penalty is imposed as proposed, it will affect us disproportionately, and the community we serve will suffer from decreased credit opportunities.

The proposal provides no data and gives no reason why this stable, nonvolatile source of funding should bear this penalty. In fact, reciprocal deposits in general exhibit essentially all of the characteristics of a core deposit. Customer relationships typically are long term. We set the interest rates based on our local market conditions. These are not "hot" deposits that flow from bank to bank chasing interest rates. Moreover, the fact that these deposits are fully insured by the FDIC, significantly adds to their stability.

The current system takes these characteristics into account in setting assessments for small banks, recognizing they can provide banks with a stable source of funds. This recognition and treatment are absent in the FDIC's proposal.

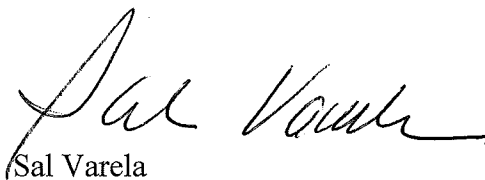
We encourage you to revise the proposal so that it reflects the current treatment of reciprocal deposits.

Further, we strongly urge the FDIC to support legislation explicitly exempting reciprocal deposits from the definition of brokered deposits in the Federal Deposit Insurance Act, which would settle any uncertainty as to their status.

Sincerely,



Maria S. Salinas
Chairwoman



Sal Varela
Interim President & CEO

cc:

The Honorable Dianne Feinstein
U.S. Senate
311 Hart Senate Office Building
Washington, DC 20510

The Honorable Barbara Boxer
U.S. Senate
112 Hart Senate Office Building
Washington, DC 20510

The Honorable Xavier Becerra
U.S. House of Representatives
1226 Longworth House Office Building
Washington, DC 20515

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
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