



September 4, 2015

Mr. Robert E. Feldman  
Executive Secretary, Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Re: Proposed Rule on Assessments (12 CFR §327); RIN 3064-AE37

Dear Mr. Feldman

Thank you for the opportunity to comment on the proposed rule on assessments. Middleburg Bank has total assets of \$1.2 billion and is a community bank headquartered in Middleburg, Virginia.

Under the proposed rule, the CAMELS ratings will not be given as much weight as in the current assessment formula. Rather the bank's Tier 1 leverage ratio will be weighted more heavily in the proposed formula. Since the denominator of the Tier 1 leverage ratio is average assets rather than a risk weighted measure, it is not a very precise metric and as such, we don't feel that Tier 1 leverage should be overly emphasized to the detriment of CAMELS ratings which do tend to be more comprehensive.

Middleburg Bank serves a diverse community of individuals and small businesses and many of these depositors have accounts have balances exceeding \$250,000 and as such would not qualify as core deposits under the definition in the proposed rule. These accounts have historically been very stable and with the bank for many years. Therefore, to penalize banks for having accounts with balances over \$250,000, even if the accounts are just as stable as others strikes us as an arbitrary decision that could have detrimental consequences for our customers and for our shareholders. Marginally higher assessment rates would force us to pay customers lower rates and higher assessments will negatively impact shareholder value. Therefore, we highly encourage the FDIC to revisit the definition of core deposits and to incorporate a measure of stability.

Also, from time to time, some of our customers with balances exceeding \$250,000 elect to use CDARS reciprocal deposits. These are customers that need the accounts to either be fully collateralized or insured. The election of CDARS reciprocal does not change the characteristics of the underlying account and therefore to classify reciprocal deposits as brokered is contrary to the historical behavior of these accounts. We would encourage the FDIC to revisit the treatment of reciprocal deposits and to incorporate the behavior of the underlying accounts.

Once again, we appreciate the opportunity to provide feedback on the proposed rule.

Sincerely,

Raj Mehra  
Chief Financial Officer