



Farmers Bank of Willards

March 22, 2019

Federal Deposit Insurance Corporation
Attn: Comments-RIN 3064-AE94
550 17th Street NW
Washington, DC 20429

Ladies and Gentlemen:

Our bank is a \$375 million institution located on the Eastern Shore of Maryland with one Delaware branch. We think that the current regulatory restrictions on the use of brokered deposits and the definition of high rate deposits both require regulatory review and updating as to restrictions. We think the ability to renew brokered deposits at an institution that has used this as part of their funding strategy increases the likelihood of failure. It would make more sense to restrict additional growth in brokered deposits at institutions that you have identified as higher risk.

We also think that the rate-cap used is ridiculous. Many institutions do not report their specials to RateWatch or they use odd terms so as to not report higher rate deposits. We have been monitoring the national rate cap compared to the average rates in Maryland and Delaware and find that the national rates are well below the two state averages. The state averages are more in line with the rate cap where 75 basis points has been added to the national average rate. We also think by using every branch instead of bank rates, you are skewing your average to larger banks who tend to pay lower rates.

Our Bank pays the rates available in our market but many of our deposits have been lumped together as potentially volatile funding sources. We think the FDIC should consider finding a data source that does not weight rates in favor of larger banks, that includes special rates and is a more regional than a national average. We would suggest that you have the State regulators determine the average deposit rates for their states.

Sincerely,

The Farmers Bank of Willards


Renee M. Lovell
Chief Financial Officer

9 offices serving you;

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