

# Carver State Bank of Savannah

*Number One In Service*

August 27, 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:

Carver State Bank is one of the few African-American-owned commercial banks in the United States. In addition, it is the only bank headquartered in Savannah, GA, that is certified by the United States Treasury Department as a Community Development Financial Institution (CDFI). We have \$41.6 million in assets and two full service offices. Our bank has served the people of Savannah since 1927. We are the only bank in the area with an OUTSTANDING Community Reinvestment Act rating. Carver State Bank is a member of the National Bankers Association and the Community Development Bankers Association.

We hold reciprocal deposits, which account for eight percent of our total deposits. As we will explain, because we are a Minority Depository Institution (MDI) and Community Development Bank (CDB), reciprocal deposits play an important role in our funding strategy.

We welcome the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) on insurance assessments for small banks, and particularly on the impact this proposal would have on MDIs and CDBs such as ours that are holding reciprocal deposits.

To make loans, we need deposits. The NPR would arbitrarily impose a significant penalty on banks that use reciprocal deposits, a penalty that would hit MDIs and CDBs like ours the hardest. Reciprocal deposits help banks like ours to attract large deposits from socially-motivated investors.



Federal Deposit Insurance Corporation

Attention: Comments

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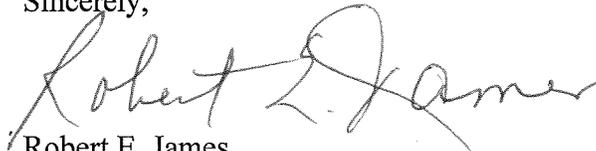
As a result, we rely on reciprocal deposits much more than other community banks. Further, because of our social mission, we put that money to work in our community -- usually low- to moderate-income neighborhoods -- as loans that launch and support local small businesses, improve housing, and create jobs. If this penalty is imposed as proposed, it will affect us disproportionately, and the communities we serve will suffer from decreased credit opportunities.

The NPR 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 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.

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

A handwritten signature in black ink that reads "Robert E. James". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Robert E. James

President and Chief Executive Officer

cc:

The Honorable Martin J. Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Robert W. Mooney  
National Director for Minority Depository Institutions  
And Community Development Banking  
Federal Deposit Insurance Corporation  
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