

January 31, 2008

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Company
550 17th Street, NW
Washington, D.C. 20529

Re: Part 363, Annual Independent Audits and Reporting Requirements; Proposed Rule

Dear Mr. Feldman:

Fremont Bank appreciates the opportunity to comment on the above proposed rulemaking. To come a description of Fremont Bank.

General

Fremont Bank Management compliments the FDIC for providing more clarity and guidance in all of the areas of Part 363, **Annual Reporting Requirements**

Management accepts the proposal to disclose noncompliance related to the designated safety and soundness laws and regulations relative to Insider Loans, Payment and Restrictions on Dividends. However, Management believes that disclosure in this area for either compliance or for noncompliance should remain confidential.

Audit Committees

Management's concern is that a new threshold of obligation is being imposed on the Bank in evaluating the independence of potential and current outside directors. And, as the proposed rule tightens the criteria by being more prescriptive (i.e. the \$60,000 compensation threshold) more judgment is removed from the Board of Directors. If the intent is to impose more responsibility on the Board by having them consider all circumstances that might create a potential conflict of interest in an outside directors' relationship to the Bank there should be a lessening of prescriptive rules or at least no further changes. The Board under the proposed rule is to develop a set of written criteria from the considered circumstances and is to apply those criteria for determining the independence of outside directors from management. The Board is aware of the responsibility to have independent outside directors and it has the desire and objective to withstand any vigorous review by the bank examiners in this governance area.

In the instant case at Fremont Bank, we have a talented and knowledgeable employee who makes more than \$60,000 and who is removed from the affairs of the Board, but is related to a talented and effective Chair of the Audit Committee. The Board considered this family relationship but judged that there was indeed no conflict. Thus, the Board considered the potential for conflict and made a judgment based on the local condition. The consideration of local conditions is particularly important to succession of employees and Board members in a closely held Sub S Corporation like Fremont Bank. At the end of the day, what is the goal for advancing this proposed family relationship threshold rule? For Fremont Bank the answer is that it would penalize it.

Appendices to Part 363

Considering the inter-dependency of the various Parts of 363 and the administrative task associated with complying with these Parts, Management would like to see the FDIC develop an Appendix to Part 363 that would detail a list of the compliance requirements for non-public institutions.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bradford L. Anderson', with a long, sweeping horizontal flourish extending to the right.

Bradford L. Anderson
President and Chief Executive Officer