



CITIZENS BANK
OF SWAINSBORO

Milton B. Gray, Jr.
President

November 12, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
Attn: Comments – RIN No. 3064-AD35
550 Seventeenth Street, NW
Washington, DC 20429

Re: Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

Please accept my concerns about the FDIC's notice of proposed rulemaking published in the Federal Register on October 16, 2008, whereby deposit insurance premiums are proposed to be increased and potentially applying a higher premium on banks that use secured liabilities to manage risk and complement core deposits. This proposal will increase the cost of funding for my bank, even though we responsibly use Federal Home Loan Bank advances as a consistent and affordable source of liquidity. This proposal will be counterproductive and potentially damaging to the economy in the current environment.

While I respect the importance of the Deposit Insurance Fund and appreciate the effort by the FDIC to restore its balance, this proposal will encourage banks to be dependent on more volatile sources of wholesale funding, or prompt banks to raise interest rates on deposits, leading to higher costs of borrowing in my community. This proposal also suggests that I limit the amount of credit that I can make in my community when the ability to raise core deposits does not keep pace with loan demand. In essence, the proposal could require banks like mine to limit credit at this moment when sound lending at competitive rates is critical to restoring the economy.

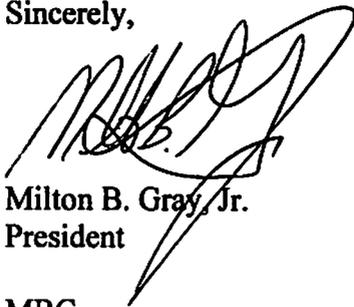
I also request that the FDIC utilize its "extraordinary circumstances" authority to extend the time period to rebuild the Insurance Fund from five to ten years. This extension will limit unnecessary financial stress on insured banks during a difficult economic environment. It is important that we allow time for the sweeping measures made by FDIC, Federal Reserve, and the U.S. Treasury, to make a positive impact on the business

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cycle. Delaying the proposed increased assessments, or extending the term to recapitalize the Fund will allow banks to improve profitability, increase capital levels and reduce the exposure to the Insurance Fund.

I appreciate the FDIC's work to support the recovery of the credit markets, but I strongly encourage the corporation to maintain its current assessment formula and revisit the issue in the latter part of 2009, allowing sufficient time for all prior measures to make a positive impact on our economy. I also ask that you not increase the cost of Federal Home Loan Bank borrowing, which has provided a consistent, affordable and reliable source of funding for our bank during this liquidity crisis.

Sincerely,

A handwritten signature in black ink, appearing to read 'M.B. Gray, Jr.', with a large, sweeping flourish extending from the end of the signature.

Milton B. Gray, Jr.
President

MBG