

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:

First United Bank and its bank holding company, Plains Bancorp, Inc., are located in West Texas where we serve 11 different communities through our 15 banking centers. We welcome this opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) RIN 3064-AE37, which proposes changes to the FDIC's deposit insurance assessment regulation for small banks with assets of less than \$10 billion. As a community bank with total assets of approximately \$1.1 billion, we are concerned about how reciprocal deposits would be treated under the proposal and the negative effects it could have on our organization and our ability to serve our customers and communities.

Reciprocal deposits typically come from a bank's local customers at local interest rates. They provide an opportunity for community banks to retain large-dollar depositors in the face of competition from the country's largest banks. We have found that once deposited, the funds tend to stay in the bank; they are very stable. Reciprocal deposits account for approximately 2% percent of our total deposits.

When the FDIC established the current small bank assessment formula system in 2009, it explicitly recognized that reciprocal deposits "may be a more stable source of funding for healthy banks than other types of brokered deposits and that they may not be as readily used to fund rapid asset growth." It excluded reciprocal deposits from the "adjusted brokered deposit ratio" that increases assessments on banks that rely on traditional brokered deposits for funding. It recognized that reciprocal deposits differed from traditional brokered deposits in a number of ways.

The proposed assessment system would no longer exclude reciprocal deposits from the definition of brokered deposits. It would lump reciprocal deposits in with traditional brokered deposits and other wholesale funding. The proposal gives no reason for doing so, and as previously mentioned, would result in treatment that is inconsistent with prior treatment. The inclusion of reciprocal deposits in the proposed assessment system could result in assessment rates that are unnecessarily higher for banks that have reciprocal deposits on their balance sheets.

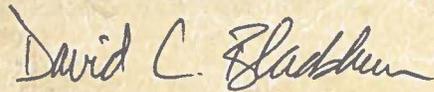
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We urge you to retain the current system's exclusion of reciprocal deposits from the definition of "brokered" for assessment purposes.

Further, we strongly encourage the FDIC to support legislation to explicitly exempt reciprocal deposits from the statutory definition of brokered deposit as well.

Sincerely,



David C. Blackburn, CPA
Chief Financial Officer

cc:

The Honorable John Cornyn
517 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable Ted Cruz
404 Russell Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable Randy Neugebauer
1424 Longworth House Office Building
United States House of Representatives
Washington, D.C. 20515

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th St., NW
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