



Robert E. Feldman
Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

February 20, 2020

**Re: Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions
RIN 3064-AE94**

Dear Secretary Feldman,

On behalf of Community Spirit Bank, I am writing in response to the FDIC's recent notice of proposed rulemaking regarding brokered deposit regulations. I am President and CEO of a rural community bank that serves four rural counties in Northwest Alabama and Northeast Mississippi. We serve every facet of our community from business to consumer to local government.

Community Spirit Bank is a 112-year old closely held institution. We take pride that our bank is the oldest business in our hometown. We serve our local community through loans which is evidenced by the breakdown of our services: 37% of our loans are for 1-4 family house mortgages; 33% are commercial real estate and farm loans; 20% are small business loans (which also are included in real estate too).

In order to effectively serve our community, we need third-party providers to function. Our bank's operations are built on resources provided by third-party partners including internet banking, debit cards, credit cards, loan software, deposit software, reward checking, check systems and the list goes on. For example, we use third-party vendors to strategically market our bank and leverage our partner's ad design and placement expertise. This helps us dynamically choose which ads perform best and target sites that generate valuable leads to us. Without this analysis or partnership, our ability to effectively market our products and services would be difficult and expensive, leaving us with few options to compete with bigger banks.

We need to continue offering benefits to our customers in order to compete with large banks. Our relationship-based approach sees through the numbers to the actual people we serve so our personal service coupled with high tech, high touch solutions allows us to bring a unique offering to our local community of customers.

Further, credit unions are not restricted on this proposed ruling, so once again they are treated differently than a community institution, yet we serve the same customers in the same ways.

Unfortunately, the FDIC's proposed rule could impact the way we serve our customers at Community Spirit Bank. If the proposed rule is implemented, we will lose the ability to bring value-added, innovative solutions to our customers such as mobile and web banking. While other industries are taking advantage of digital breakthroughs and partnerships, it feels burdensome to ask community banks to adhere to a much higher standard which adds undue hardships for us.

We would like to ask the FDIC Staff to modify the proposed rule by incorporating suggested modifications:

- 1. Create an express exemption for service providers to banks that excludes anyone who provides services to a bank where the relationship is established directly between the bank and the individual depositor.**
- 2. Implement a bright line test to apply the primary purpose exception for stable sources of deposits residing in transactions and relationship-based accounts. This type of deposit demonstrates the relationship between my institution and the depositor. These balances contribute to my institution's franchise value.**
- 3. Narrow and clarify the definition of "facilitating the placement of deposits" in proposed section 337.6(a)(5)(ii) so that it does not include third-party service providers who help us operate our business in a safe, sound, and innovative manner.**
- 4. Grandfather all prior FDIC Advisory Opinions so that my current relationships with industry partners are not compromised by the rule.**

I understand the difficult job that FDIC is faced with especially in regard to updating regulations to evolve with changing technology, but it is crucial to allow for innovation in order for community banks to continue to grow within the current landscape. I urge you to please take our suggested edits into consideration and modify the language of the proposed rule to accomplish that.

Thank you for your consideration.



Brad Bolton

President and CEO, Community Spirit Bank