

# Sunrise Community Banks

Franklin Bank  
Park Midway Bank  
University Bank

November 17, 2008

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> St, N.W.  
Washington, D.C. 20429

Re: FDIC Notice of Proposed Rulemaking, RIN 3064-AD35

Dear Mr. Feldman:

Sunrise Community Banks is the bank holding company of University National Bank in St. Paul and Franklin National Bank in Minneapolis. University & Franklin Bank are two of four certified Community Development Financial Institutions (CDFIs) in the state of Minnesota. We are a member of the Community Development Bankers Association and the Promontory Interfinancial Network.

We are writing to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking, RIN 3064-AD35. In particular, for the purposes of the proposed rule, we strongly urge the FDIC to exclude from its definition of "brokered deposits" those "*deposits received through a network on a reciprocal basis that meet the statutory definition of a brokered deposit.*" Without that exclusion, the FDIC's proposed rule would define "brokered deposits" in such a manner as to include reciprocal deposits received through services such as the Certificate of Deposit Account Registry Service (CDARS).

Community Development Banks (CDBs) like University & Franklin Bank make a difference – perhaps THE difference – in the lives of people in the low income communities we serve. We often are the only source of credit and financial services in our communities. We make loans to build and renovate housing so that people have a decent place to live. Our housing lending, in turn, sparks revitalization from other neighbors improving the community. We make loans to small businesses so that people will have jobs. The businesses we lend to, in turn, act as magnets that draw other businesses into the community. Our lending has a ripple

effect throughout the community far beyond our direct customers, changing a community's dynamic. We are the leaven that lifts up entire neighborhoods by empowering people, individually and collectively, with the resources they need to effect positive change where they live.

We operate in places with modest discretionary income and insufficient means to raise deposits to meet the demand for credit. As an integral part of our strategy, therefore, we raise deposits from civic-minded and socially-motivated individuals and institutions within our greater market areas. Our experience demonstrates that investors are willing to invest much larger deposits in a CDB if they are assured those deposits are secured. CDARS Reciprocal provides that assurance.

Without CDARS as a magnet for attracting socially motivated investors, it would be more difficult for us to originate loans. We urge the FDIC to ensure CDARS can continue to play its critical role.

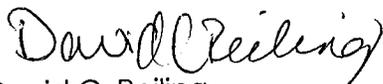
The facts show that CDARS is different from traditional brokered deposits. CDARS Reciprocal deposits have the characteristics of other core deposits; very high reinvestment rates, money deposited by local customers, and interest rates that are rarely above other local banks in the local market. CDARS Reciprocal deposits are simply not "hot money."

We strongly believe that CDARS Reciprocal deposits is an invaluable tool to help University Bank, Franklin Bank, and other CDBs meet the needs of our communities. Absent an explicit and formal exemption, there is a danger that CDARS and the CDBs that rely on CDARS will end up as collateral damage in the FDIC's broader effort to restrain the use of traditional brokered deposits.

Please help us help our communities. We strongly urge you to exempt CDARS Reciprocal deposits from the definition of brokered deposits in this rule. We also urge the FDIC to support exempting CDARS Reciprocal deposits from the definition of brokered deposits in the FDI Act to eliminate the possibility that CDARS might be swept into future efforts to discourage the use of traditional brokered deposits.

Thank you for your consideration of our views on this important matter.

Sincerely,



David C. Reiling  
CEO

CC	Sen. Norm Coleman	320 Hart Senate Office Building Washington, DC 20515
	Sen. Amy Klobuchar	302 Hart Senate Office Building Washington, DC 20515
	Rep. Tim Walz	1529 Longworth House Office Building Washington, DC 20510
	Rep. John Kline	1429 Longworth House Office Building Washington, DC 20510
	Rep. Jim Ramstad	103 Cannon House Office Building Washington, DC 20510
	Rep. Betty McCollum	1714 Longworth House Office Building Washington, DC 20510
	Rep. Keith Ellison	1130 Longworth House Office Building Washington, DC 20510
	Rep. Michele Bachmann	412 Cannon House Office Building Washington, DC 20510
	Rep. Collin C. Peterson	2211 Rayburn House Office Building Washington, DC 20510
	Rep. James L. Oberstar	2365 Rayburn House Office Building Washington, DC 20510