

Mr. James P. Sheesley
Assistant Executive Secretary
Attention: Comments—RIN 3064-AF99
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Sheesley:

My name is Thomas Bates, Jr. and I am the President & CEO of Legends Bank in Clarksville, TN. Legends is an \$850 million community bank with 10 locations serving Montgomery, Cheatham, Davidson and Williamson counties in middle TN. The FDIC's proposed rule relating to Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions (the "Proposed Rule") gives our Bank cause for concern. If finalized as drafted, we believe the Proposed Rule could harm community banks and our customers. The FDIC should withdraw this proposal.


Legends Bank plays a major role in the economic development of our markets, providing construction and home loans, as well as small business loans to our customers. In addition, we provide deposit and treasury services to our local government and utility districts.

As a community Bank, deposits are our core source for funding the much-needed loans in our community. The competition for deposits has become fierce with the rise in credit union activity, digital reach of our country's largest banks and deposit gathering FinTech's. We believe that banks that choose to partner with or utilize third party relationships to access diverse sources of funding, manage costs, and maximize deposit insurance coverage or provide other services for their customers should not be penalized as accepting "brokered deposits."

Our Bank believes that the "Proposed Rule" could potentially limit Community Bank funding sources by reclassifying some deposits as brokered. This could lead to higher FDIC insurance premiums and possibly lower CAMELS ratings along with additional regulatory scrutiny. This proposal overlooks the need for community banks to have access to diverse funding sources. The proposal ignores the realities of modern banking. Legends Bank has used brokered deposits for at least 20 years and have found them to be a stable and rational source of funding. We use them for hedging as well as extending the duration of our liabilities when needed for ALCO purposes. In some cases, we were able to obtain brokered funds cheaper than some of our local competitors. Customers have access to financial products all over the country and we routinely find deposit offers included in our credit card statements, so to assume a local consumer will not look elsewhere is short sided. Our experience has been that brokered deposits and be more rationale than many of our local savers who will routinely hop from bank to bank over 25 basis points.

In conclusion, we respectfully request that you reconsider this "proposed rule" and preferably eliminate it. Brokered deposits should remain a source of liquidity for Banks with proper controls adopted by the Bank based on their desired funding mix and ALCO requirements.

Sincerely,


Thomas Bates, Jr.
Legends Bank, President & CEO