



Fairfield County Bank

June 26, 2009

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

Ladies and Gentlemen,

Fairfield County Bank is pleased to submit its comments to the rule proposed by the Federal Deposit Insurance Corporation, which outlines two alternatives for phasing out the Transaction Account Guarantee component of the Temporary Liquidity Guarantee Program, published in part 370 of chapter III of Title 12 of the Code of Federal Regulations. During November 2008, the FDIC adopted a final rule under the Federal Deposit Insurance Act in attempts to stabilize consumer deposits and reduce funding costs.

Fairfield County Bank believes that the Corporation's good intentions in providing alternatives for phasing out the Transaction Account Guarantee Program have overlooked certain consumer reactionary measures and cost implications to already pressured expense positions.

Alternative A

Under *Alternative A*, the Transaction Account Guarantee Program would experience no change and expire on December 31, 2009. Fairfield County Bank forecasts that during 2009 the U.S. economy will continue to face significant economic pressures that will negatively impact the financial industry. The effects may continue to perpetuate consumer uncertainty with the banking industry's stability. Fairfield County Bank believes that a full guarantee on non-interest bearing transaction accounts is a strong deterrent to this consumer uncertainty. Therefore, we do not support *Alternative A*: a rule that would remove the FDIC's full guarantee on non-interest bearing transaction accounts for participating institutions on December 31, 2009.

Alternative B

Under *Alternative B*, the Transaction Account Guarantee Program would be extended through to June 30, 2010, however the fee for participation would be increased to an annualized rate of 25 basis points on deposits in noninterest-bearing transaction accounts. Fairfield County Bank regards the calendar extension as a positive change for financial institutions as well as consumers. The availability of the program will continue to promote deposit stability from both consumer and commercial customers. However, the continuance of the program at a heightened cost structure will increase already heavy cost burdens to banks.

This impact will be especially visible for community banks. As of June 30, 2009 Fairfield County Bank's total assets will be approximately \$1,600,000,000. The 2009 annualized premium for the bank is anticipated to total \$275,000. In order to continue our participation through June 30, 2010, our sixth-month premium is predicted to cost an additional \$350,000. The proposed premium increase coupled with other periodic and one-time insurance premium assessments will place significant pressures on the Bank's ability to navigate through the current economic environment. Therefore, we support the calendar extension of the guarantee program, however oppose such significant cost increases to the annualized premiums of the program.

We encourage the FDIC to maintain the current cost structure of the Transaction Account Guarantee Program, or consider reducing the annualized premiums to a rate lower than 25 basis points of deposits in noninterest-bearing transaction accounts.

Fairfield County Bank appreciates the opportunity to comment on this proposal and is pleased to provide any additional information.

Regards,

John P. Bonora, CRCM
Vice President & Compliance Officer

