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**From:** Smith, Gary [mailto:Gary.Smith@FairfieldCountyBank.com]

**Sent:** Thursday, March 12, 2009 4:54 PM

**To:** Comments

**Subject:** Modification of Temporary Liquidity Guarantee Program - Interim Rule - RIN 3064-AD37

Gentlemen, I am the President of Fairfield County Bank in Ridgefield, Connecticut. We are a state chartered mutual bank founded in 1871. We have been members of the FDIC for decades. I have read your proposed changes to the Temporary Liquidity Guarantee Program and would like to make the following comments and suggestions.

1. The proposal requires that the debt be convertible to stock at maturity. Mutual banks are non stock organizations and therefore the convertible feature will not allow mutual banks to participate.
2. Like the TARP announced by the Treasury Department last fall, mutual banks have been overlooked in this proposal.
3. Mutual banks do have the ability to convert to stock banks. The conversion process is prescribed by state and federal statutes and can take six to twelve months to complete.
4. My suggestion is to allow mutual banks to issue guaranteed debt with a higher guarantee fee and a provision that allows them to recoup the additional guarantee fee above the normal guarantee fee, if they issue stock on or before maturity. I would suggest a 2% guarantee fee that could be reduced if the bank issued stock in at least the amount of the guaranteed debt. This would allow mutual banks to augment their capital now while they are going through the process of issuing stock as permanent capital.

I would be pleased to discuss this idea with someone from the FDIC. My direct phone number is 203 431 7581. My address is:

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