From: tzimmerman@standardbankpa.com [mailto:tzimmerman@standardbankpa.com]
Sent: Monday, March 30, 2009 12:09 PM
To: Comments
Subject: Assessments, RIN 3064-AD35

March 30, 2009

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

RE: Assessments: RIN 3064-AD35

Dear Mr. Feldman:

I am the President and CEO of Standard Bank, a community bank with approximately $350 million of assets, located in Monroeville, Pennsylvania. I am writing today to express my outrage at the FDIC 20-basis point special assessment. This 20-basis point special assessment would cost Standard Bank $536,000 in addition to the already increased base premiums for 2009. Our premiums for 2009 are estimated to be $364,000 compared to premiums of $143,000 ($60,000 net of rebate credit) in 2008, an increase of 155%. The special assessment would reduce Standard's 2009 pre-tax earnings by approximately 17%.

Community banks didn't participate in the risky practices that led to the economic crisis, yet they are being penalized by having to pay this onerous special assessment on top of regular insurance premiums that are more than double those of last year. The community banking industry is one of the only the bright spots in this current economic storm. The vast majority of community banks are well-capitalized, common-sense lenders that have been and want to continue to help in the economic recovery process in cities and towns throughout America. This special assessment will severely hinder their ability to do so.

There are many alternatives to funding the Deposit Insurance Fund ("DIF") in lieu of imposing a special assessment, including using its existing authority to borrow from the Treasury, issuing debt instruments to the public, using its authority to borrow from the banking industry or obtaining TARP funds from the government. The DIF would still be industry-funded if the FDIC used its borrowing authority, but the industry would be able to pay the cost of recapitalizing the DIF

over time. All of these alternatives should be thoroughly examined with community bank input.

Any special assessment should be based on total assets (minus tangible capital), not total domestic deposits, so that banks that caused the problems pay a bigger share. In the case of a 20-basis-point special assessment, industry experts estimate that if the assessment base was broadened to total assets (minus tangible capital), the same amount of revenue could be generated for the DIF (i.e., approximately $15 billion) by assessing every bank approximately 12 cents per $100 of assets as opposed to 20 cents per $100 of domestic deposits. I support broadening the assessment base to include total assets (minus tangible capital). Since large banks hold a proportionately larger share of total banking assets than total domestic deposits, large banks would shoulder more of their fair share of the special assessment if the assessment base was broadened to include total assets.

We also support establishment of a systemic-risk premium for the large, “systemically important” banks. This premium should be large enough to pay for the substantial risk of insuring these institutions. The assistance provided to systemically important institutions should be considered in determining the special assessment.

In closing, we strongly believe it is unfair that so many of the large banks have received tens of billions of dollars of TARP money and community banks, like Standard Bank, will not have the ability to use these taxpayer funds to pay this premium. Please reconsider the imposition of the onerous and patently unfair special assessment.

Thank you for your consideration of my views on these very important matters.

Sincerely,

TK Zimmerman

Timothy K. Zimmerman
President and CEO
Standard Bank, PaSB

cc: Senator Arlen Specter
Senator Robert P. Casey, Jr.
Congressman Jason Altmire
Congressman Michael F. Doyle
Congressman Tim Murphy