From: Velma Delgado [mailto:Velma.Delgado@KlebergBank.com]
Sent: Monday, March 30, 2009 6:05 PM
To: Comments
Subject: Assessments - Interim Rule - RIN 3064-AD35

March 30, 2009

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
1776 F Street, N.W.
Washington, DC 20006

RE: Assessments. 12 CFR Part 327 - RIN 3064-AD35

Dear Mr. Feldman:

As a representative of Kleberg First National Bank of Kingsville, Texas, please let me express our appreciation for the opportunity to comment on the FDIC's proposed deposit insurance assessment increase. This proposal will likely take the record for the most comments in history, and with good reason. The special assessment directly, and very negatively, affects every FDIC insured institution in the country, and at a very precarious time. We oppose the assessment.

We are fortunate to report that we are well capitalized, profitable and that all asset quality indicators indicate soundness and excellence. We have avoided the pitfalls that have plagued our larger "too big to fail" cousins and those on Wall Street who have abused and tarnished the good name of "banker".

At Kleberg Bank, we know our clients well, and this enables us to assess their character, integrity, and capacity to repay loans. However, South Texas is not immune to a capricious economy and like most others, we have seen better days. This is exactly the time when our clients, the small businesses and families served by community banks need borrowing capacity most, and we are pleased to be able to respond to them in a positive manner. As you know, those are the people who will spur the economy.

Unfortunately, the proposed special assessment will mean that banks will have less to lend. John Reich, the FDIC board member who opposed the assessment, accurately estimated that for each dollar paid in assessments, we will have $12 less to lend. At a time when Congress has spent billions of to increase liquidity and stimulate credit, it is counterproductive to charge assessments that seriously hinder the extension of credit.

We strongly support the FDIC and its vital mission of maintaining stability and public confidence in our financial system. The Deposit Insurance Fund is an integral part of that mission, but like a good doctor, you must first see that you do no harm. Fortunately, there are proposals that would accomplish the dual missions of not reducing liquidity and providing the DIF with access to capital. The FDIC should first seek expanded borrowing capacity from the

Treasury. Then, if a fee increase is unavoidable, we agree with the Independent Bankers Association of Texas: assessments should be based upon assets, adjusted for capital, "too-big-to-fail" institutions should pay a systemic risk premium and the assessment should be amortized over several years. All, or a combination of these three points, would be better than an outright fee increase.

Your decision is not an easy one, but it will be felt in the small businesses and homes on Main Street. Your thoughtful consideration on this matter is appreciated.

Sincerely,

Joe Henkel

Joe Henkel
President & CEO

Kleberg Bank
Since 1905

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