From: John Jones [mailto:jjones@themiltonbank.com]
Sent: Thursday, March 05, 2009 2:40 PM
To: Comments
Subject: RIN 3064-AD35

After reading the Assessment Interim Rule publication, I feel compelled to offer observations and comments concerning what I consider to be an unfair plan.

Your estimation of impact on earnings is low; at least at our bank, it would be at least 16% of pre tax income. Probably more as this year's gross income will likely be lower than 2008. This one special assessment represents 24% of our 2008 net income. Our net premium will increase from less than $10,000.00 in 2008 to at least $280,000.00 in 2009. All of this while the credit unions are raiding our customers, not paying taxes and not paying special assessments. This number could expand to a total of $680,000.00 with the imposition of the additional 10 basis point special assessments that are allowed by the assessment rule. What is wrong with this picture?

In 2008 we acquired a troubled institution, and have had good success in rehabilitation. As part of our agreement we indicated that we would have and maintain a capital level of 71/2% as of June 30, 2009. Obviously this agreement was made without the ability to foresee the current 20 basis point assessment or the potential future assessment of up to 10 basis points per quarter. We currently exceed the capital level to which we agreed, and will continue to strive to maintain and increase our level of capital, but if special assessments, potential mortgage cram downs, and other forces that are at work that we cannot control cause a reduction in capital we are concerned that we will not be able to abide by our agreement. We are a small institution striving to take care of our community. Oversight, or rather, the lack of oversight has allowed the system to run rampant. Community banks have been plodding along doing the business that they were chartered to do.

For years we have been advocating that "too big to fail", now "systemically important institutions" needed more oversight, and frankly broken into smaller components that could fail. Our cries have fallen on deaf ears.

You are doing irreparable harm to the thousands of community banks that have taken care of their communities, made good loan decisions and paid at least their fair share into the insurance fund.

Fund the monies necessary to maintain a safe insurance fund with federal dollars already appropriated by Congress. Doesn't it make more sense to use federal money to prop up the fund that insures all banks? This would maintain the appearance of strength in F.D.I.C. and not overburden the community banks. Everyone thinks that FDIC is a federal agency backed by the government anyway

We are faced with the probable passage of reform that will make foreclosures much more expensive, time consuming, and another drain on income to community banks. The reforms being discussed include the possible cram down of balances, causing a direct reduction to reserves and income. Again, community banks, as a general rule, have made in-house conventional mortgages with conventional ratios, but will be subjected to the same rules as those that didn't play by the rules to start with.

It is imperative that the deposits of the American citizens be covered by adequate insurance, and I know that the costs associated with that coverage needs to be borne by those that benefit by its existence. Unfortunately, at least at this time, community banks have no alternative available to them. I think there needs to be a unified insurance coverage, but community banks can not be expected to carry an excessive portion of it.

Community banks will be fighting for their very lives. We have been the backbone of Main Street America, making sure that credit is available across the United States. Community Banks are the best citizens of any community, supporting many projects that wouldn't get done without their help. Please don’t make us adversaries, we have been and want to be part of the solution.

Yours truly,

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