From: Kathy Chlan [mailto:kchlan@newmarketbank.com]
Sent: Thursday, March 05, 2009 3:10 PM
To: Comments
Subject: RIN 3064-AD35

Dear Sirs.

I would like to extend my appreciation for the opportunity to comment on the recently proposed FDIC 20 cent special assessment.

I am part of the management team of a small community bank. Every night we watch the news I am sickened to see the activities and practices of some of the "too large to fail" banks. Our bank and the other community banks across this country are the main street banks that the local consumer DOES have confidence in. That little bit of confidence is all that seems to be left in this current economic crisis. These community banks did NOT participate in the activities that have led to this crisis and the depletion of the reserve fund. Yet my bank and the other community banks will feel a crippling effect with the proposed FDIC 20-cent special assessment.

This special assessment in addition to the proposed increase in the scheduled deposit insurance assessment will jeopardize the very existence of MORE of the nations 8,000 community banks. The little confidence left in the financial system will be lost in all these communities as their once stable community bank is forced to reduce staff and restrict lending and other services to our communities in response to this unfair expense burden.

Community Banks are positioned to HELP with the recovery and pour confidence back to the consumer as they see our banks handling responsible lending to the people in their communities, however we will find ourselves impaired with an additional expense that for a lot of banks will account for as much as 100% of our expected income for 2009. The combined assessment for my bank in 2009 will be $200,000.00 or XX% of my projected net income for the year.

I ask the FDIC to consider:

- Revising the assessment formula to bring more equity to the process by assessing those who through their size and the complexity of their business practices bring significant risk to the reserve fund today and in the future. If they are 90% of the problem, they should be 90% of the solution. They had no problem giving big bonuses and incentitive to keep top executives, they should have the capability to structure a payback.
- Recognize the unfair burden on smaller community banks and put a “cap” on the assessment for banks below a certain size, recognizing that undue burden could led to more bank failures and tightened lending in certain communities, stifling future economic growth.
- Provide community banks with the opportunity to pay their fair share of any increased assessments over an extended period of time. FDIC was given an extension to restore the fund from five to seven years. Pass along that valuable time consideration to community banks.
- Vigorously encourage Congress to tap temporary funding from the Treasury to assist with re-capitalizing the insurance fund, giving community banks time to strengthen their balance sheet and allow local lending activities to continue (and grow) to help stimulate the economy.

The increased burdens of the proposed FDIC insurance assessments come at a time when my bank and other community banks can least afford it. It will not only prevent us from being the nation’s best solution to the economic crisis, but may very well position us to be another element of the crisis. Please explore every opportunity to prevent this from happening and lowering the burden on community banks.

Please re-consider this assessment, I do not feel it prudent that the FDIC insurance be the cause of bank failures in the future.
Thank you,

Kathy Chlan

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