

We at Farmers & Merchants Bank, Waterloo, AL, respectfully ask that you take another look at the way you plan to impose the One-Time Assessment (20 basis points) to help recapitalize the Deposit Insurance Fund. Some recent information indicates the final assessment might be reduced to single digits. We also want to point out our belief in doing whatever is necessary to prevent many of the bank closings.

Community banks have not conducted “risky business” and helped to cause the current crisis. Our future regular assessments, according to your plan, will probably more than double our previous assessments. You then want a “one-time” special assessment (for 20 basis points) and the option for continuing special assessments. We think you need to find other ways to rebuild the DIF or, at the very least, devise a way for the larger banks, which mostly caused the problem, to pay a bigger share. After all, they’ll get to use “bail-out money” to pay their assessment.

One thought that all bankers seem to believe is that any assessment related to this crisis should be on assets minus tangible capital so the larger banks can better pay their fair share. Mr. (Ben) Bernanke has admitted publicly that banks “too big to fail” present a problem. We, as community bankers, have realized this for a long time.

We realize there’s a need in this country for banks of all sizes (except for those “too big to fail) but we honestly believe the community banks are solidifying the industry right now and don’t need anything that would hamper our ability to support economic recovery throughout the land. These banks, as a rule, are well-capitalized, well-managed, know their customers and lend with prudence.

We ask you “to do the right thing.” The special assessment plus an increased regular assessment will present a hardship on many “innocent” community banks.

Respectfully,

Tom Ray, President/CEO  
Farmers & Merchants Bank  
Waterloo, Alabama