From: Kathy Davis [mailto:kdavis@capitalbank-ga.com]
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To: Comments
Subject: Assessments, RIN 3064-AD35

We would like to offer our comments on the proposed 20 basis point special assessment on all domestic deposits as of June 30, 2009 to help recapitalize the Deposit Insurance Fund (DIF). Given the fact that this assessment would be in addition to already increasing regular assessments, such high additional premiums at this time could be very counterproductive to the ideology of "thawing the freezing credit markets" to get this country's frail economy turned around.

Our current estimates indicate that the proposed 20 basis point special assessment would cost our bank approximately $250,000. What a hit for capital to asset ratios! It is a trying time for community banks, or any other bank, to raise capital at this time. Such a decrease could only mean decreased growth, and thus decrease lending, in order to maintain proper capital ratios. Furthermore, such large amounts were not budgeted prior to year end and will have to be made up somewhere. The most likely replacement for these funds will come from job cuts. The effects of such an assessment for institutions such as ours can only cause further damage to our economy.

We realize the DIF must be replenished. However, we respectfully request that you consider the following options:

- An accounting rule change that will allow banks to amortize this assessment over a period of at least five years. This would allow the cash to be restored to the fund, your ultimate goal, while giving banks, particularly the "little guys" like us, time to absorb the cost. Larger banks have TARP money that has increased their capital and therefore will be less likely to feel the "sting" of such a hit to net income and, ultimately, capital.
- Exploration of other alternatives to fund the DIF in lieu of this special assessment. If the FDIC uses its borrowing authority with Treasury, the industry would still absorb these costs, but again, would be able to pay the cost back over time.
- Broadening the assessment base to total assets minus tangible capital at half the current proposed assessment. This could lead to the same replenishment for the fund, but would appropriately spread the higher assessments to those larger institutions who hold a larger share of banking assets than total domestic deposits. Since these, for the most part, are the institutions who have caused these problems, it is only fair that they shoulder most of the financial burden.

In conclusion, we hope you all will contemplate the ramifications that such a large special assessment could have on community banks as it is currently proposed and will consider other avenues such as those mentioned above that will get to you your final destination of a replenished DIF. Thank you for the opportunity to comment.

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