From: Ronald Banks [mailto:RBanks@belmontbanktrust.com]
Sent: Thursday, April 02, 2009 10:05 AM
To: Comments
Subject: Assessments, RIN 3064-AD35

To whom it may concern:

COMMUNITY BANKS ARE BEING UNFAIRLY PENALIZED

I am submitting this e-mail to provide comments to the 20-basis-point special assessment referred to in the subject line above.

As a ***de novo*** community bank, the 20-basis-point special assessment would have a significant impact on the Bank's earnings.

Based on our current deposit base, a 20-basis-point special assessment would result in a $248,000 additional expense to our Bank's projected year end Income Statement, which would reduce the Bank's projected end-of-year earnings before income tax by 33%. Similarly, a 10-basis-point special assessment would result in a $124,000 additional expense to our Bank's year end Income statement, which would reduce the Bank's projected end-of-year earnings before income tax by approximately 16%.

A 20-basis-point special assessment would result in a 2% decrease in projected year-end capital, with the 10-basis point special assessment resulting in a 1% decrease in projected year-end capital.

This special assessment will impact the Bank's ability to lend in its community as capital will become more of a premium and balance sheet management will be a focus at the expense of growth in the community. This will impair the Bank's ability to foster economic recovery in our local community and this assessment will further exacerbate the current economic challenges that exist.

As a community bank, our Bank did not participate in subprime or esoteric lending practices that contributed to the current economic crisis, yet we are being penalized by having to pay this onerous special assessment on top of our current regular assessments that have increased dramatically over the past year.

Our bank, like the majority of community banks, is well capitalized. We are committed to helping economic recovery in our community and the city in which we reside. This special assessment will hinder our ability to do so.

The FDIC should explore other alternatives to fund the Deposit Insurance Fund (DIF) in lieu of imposing a special assessment, including issuing its existing authority to borrow from the banking industry, issuing debt instruments to the public and using its authority to borrow from the banking industry. The DIF would still be industry-funded if the FDIC used its borrowing authority, but the industry would be able to pay the cost of recapitalizing the DIF over time. All of these alternatives should be thoroughly examined with community bank input.

Any special assessment should be based on total assets less tangible capital so that banks that caused the problems would pay a bigger share. Since large banks hold a proportionately larger share of total banking assets than total domestic deposits, large banks would shoulder more of the fair share of the special assessment if the assessment base was broadened to include total assets.

In addition, the accounting rules should be change to allow banks the opportunity to amortize the special assessment over a period of years.

Thank you in advance for your consideration to these comments.

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