From: Donna M. Stone [mailto:dstone@first-community.net]
Sent: Wednesday, March 04, 2009 7:38 PM
To: Comments
Subject: Insurance Assessment Changes

Chairman Bair,

The impact of our current economic situation is felt heavily by the many community banks across the nation. Our customers are experiencing job losses or reduction in hours and salary. The home they purchased five years ago has declined in value to the point that selling is not a viable option while their ability to continue servicing the mortgage payment is compromised. These are not the borrowers we hear about on the news – not the ones who took the non-traditional mortgages, bought more than they could pay for or put no equity into the purchase. These are honest, hard working customers who had good jobs and repayment ability - loyal customers of their local community banks.

The penalties of this economic crisis are not just felt by those who participated in the downfall but are heaped onto those individuals – individuals who depend upon the local community bank during good times and bad. All of the repercussions of those risky decisions are impacting everyone – from the grocer to the auto mechanic to the babysitter when the parent gets laid off. All of these people are community bank customers – so the trickle down effect reaches deep into the banking industry.

We've trimmed our budgets, added additional reserves for losses, and continued to work and serve our communities and customers. We didn't create this problem – we didn't ask for government TARP funds to remain in business --- but now we are being told that we need to pay for their mistakes by paying additional insurance assessment to cover their losses!! If the Wall Street banks received government funding to continue operations, then perhaps the best answer for the insurance fund is for the FDIC to push Congress for additional funding to cover the risk exposure created by their actions. Increasing my bank's assessment will only mean that I can do less for my customers and employees. it will reduce an already tight budget and pull resources that could be used to allow continued community involvement and growth.

I've been in the banking industry for 41 years – all with local independent community banks. Other than financial information available through call report information on various websites or reports given at shareholders meetings, the risky or safe and sound behavior of bank management is held under a veil of secrecy. The majority of customers don't realize that "smelly bank" is offering a higher than market interest rate on deposits because they need deposits to cover aggressive risky lending practices. And now with the TARP funding and the added insurance coverage for deposits, why should they care. They've just been told that the government won't let that bank fail – their funds are safe. They have no risk --- so I'm sitting here at my bank, knowing if I pay that same rate I won't have the necessary margin to cover expenses. But also knowing, if I don't pay that rate, then I won't have funds to lend. It becomes a vicious cycle.

Perhaps it's time to remove that cover – let the bank's standings be known – even the CAMELS rating. Let the individual customer – investor – make an informed decision of where they do business. If they are willing to buy the risk of "smelly bank", then also let them pay the price. If the FDIC will cover the deposits at "smelly bank", then let SM pay the cost of covering those deposits. But don't ask customers who bank with First Community Bank and other community banks across the nation because they trust our operations and management pay for someone else's cost. The trickle effect of this increase won't be any different from what I described above – my budget will just get tighter, my community commitment reduced, and my ability to serve my community and customers penalized by someone else's behavior.

MAIN STREET is not just the community bank's – it's the ordinary citizen in America. MAIN STREET shouldn't pay for WALL STREET errors.   There must be better alternatives for the problems facing the insurance fund.

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