

ALABAMA  BANKERS
ASSOCIATION

Working for Alabama Banks

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March 27, 2009

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
Attn: Comments
550 17th Street NW
Washington, DC 20429

Re: Proposed Special Assessment for the Deposit Insurance Fund
RIN # 3064-AD35

Thank you for the opportunity to comment concerning the proposed special assessment by the FDIC. Alabama banks, as the entire banking industry, are committed to maintaining public confidence and therefore desire to avoid any reliance on taxpayer money to recapitalize the Deposit Insurance Fund while simultaneously keeping a positive balance in the fund.

Given the current and projected losses to the fund, the increased regular assessment and potential special assessment(s) could be devastating on bank earnings and thus decrease their ability to lend and invest in their communities for a number of years. This would thus contribute to making the business cycle even more severe, with nearly one-third of Alabama chartered banks already reporting a negative ROA in the fourth quarter of 2008. Therefore, we encourage the FDIC to explore alternative funding options which would help mitigate the immediate impact on bank earnings. Equity investments by banks or a FICO-like structure to issue bonds are two alternate funding options which we feel warrant consideration.

We strongly support the efforts to increase the FDIC's line of credit to \$100 billion which would allow the lowering the proposed special assessment. In the event Congress does not approve this increased line of credit the need to develop alternative funding options as outlined above is even more essential.

Further, in looking to the longer term we would encourage the FDIC to set a target of recapitalizing the fund to a 10- to 15-year horizon. Likewise, we have received comments from some bankers suggesting that the equitable funding of the DIF should be examined based upon an institution's particular business model and scope of activities.

Again we appreciate the opportunity to comment and feel that in these difficult times the management of the Deposit Insurance Fund should be done in a manner which does not place a burden on banks which would impede their ability to meet the needs of their communities.

Sincerely,

A handwritten signature in black ink that reads "Dan Bailey". The signature is written in a cursive, flowing style.

Dan Bailey
CEO