



Michigan Bankers Association

April 2, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Dear Mr. Feldman:

On behalf of the banking industry of Michigan, I write to offer additional comments on the FDIC's Interim Rule that would impose a special assessment in the second quarter of 2009. These are in addition to our comments of March 10 of this year.

Particularly in the State of Michigan, the impact of a special assessment at this time could prove very damaging and counter productive to the banking industry, our economy, and the Fund. Our banking industry is proving its discipline and prudent lending standards. It is weathering quite well eight consecutive years of job losses and dramatic declines in our automobile industry. This assessment and damaging accounting practices are unnecessarily harmful to banks' capital positions.

We agree the integrity of the Fund and thus the public confidence in the industry is paramount. Public confidence in bank-financed insurance for their deposits must be assured. We believe this is possible while eliminating or at least greatly reducing the special assessment.

First, we strongly support the thrust of S. 541, which would increase FDIC's line of credit with Treasury, resulting in at least a 10 basis point reduction in the proposed assessment.

Second, we support the proposed use of fees from the TLPG program to further reduce the special assessment.

Third, we encourage the consideration of a FICO-like bonding structure to allow the immediate receipt of necessary funds to the FDIC, yet allowing industry participants to minimize the immediate impact to their capital and their lending ability.

Fourth, we urge the FDIC to adopt a more reasonable period to recapitalize the Fund. We applaud extension of this period from 5 to 7 years and suggest that an even greater timeframe may prove more productive for the Fund and the industry that supports it.

Fifth, authority for any additional assessments, specifically the additional 10 basis points proposed, should be considered separately on its own merits through a similar process, if and when the circumstances warrant.

507 S. Grand Ave.
Lansing, MI 48933
www.mibankers.com

517-485-3600
Fax 517-485-3672


Finally, it is imperative that the FDIC always seek the least costly models for any and all bank resolutions. Specifically we encourage that the FDIC seek resolutions via purchase of a bank and its assets by other banks wherever possible to minimize customer, industry, and Fund impacts. We also urge that challenged assets are handled to maximize returns and again minimize impact to the industry, the economy, and the Fund. Actions to minimize costs have the greatest potential to mitigate the pressures of the current downward spiral of market and examiners' pressure on capital and thus lending and community economic success.

Related to this point is the urgent need for attention to accounting practices including marking current assets to market levels where the assets are not held for sale and for which no rational market immediately exists. This is particularly true of real estate collateral in several markets in Michigan. Continual demands to reduce the paper values of these assets as though for immediate sale are damaging and counterproductive to bank, community, and Fund interests.

We encourage your attention to all of these issues to address and reduce or eliminate the proposed special assessment.

Thank you for your consideration.

Sincerely,

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

Dennis Koons
President and CEO