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NBA Nebraska Bankers Association
Extraordinary Service for Extraordinary Members

April 1, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, DC 20429
comments@fdic.gov

Re: RIN Number (3064-AD35) - FDIC Special Assessment Rule

Dear Mr. Feldman:

On behalf of the Nebraska Bankers Association (NBA), I appreciate the opportunity to comment on the FDIC Interim Rule to impose a 20 basis point emergency special assessment. The NBA is a professional non-profit organization representing 236 of the 238 commercial banks and 13 of the 15 savings associations in the state of Nebraska.

While NBA member banks have expressed serious concerns regarding the special assessment initially proposed, the banking industry fully supports the need for a strong, financially secure deposit insurance fund in order to maintain depositor confidence in the banking system. We applaud the efforts of the FDIC since the interim rule was adopted to lower the proposed special assessment by increasing the borrowing limits with the Treasury Department and to use funds derived from the Temporary Liquidity Guarantee Program (TLGP) to further reduce any special assessment that may be required. The NBA has contacted the Nebraska congressional delegation to urge quick passage of S. 541 which would enhance the FDIC borrowing authority.

The proposed special assessment represents a significant and unexpected cost to our member banks that will adversely impact their earnings. While community banks continue to make loans to creditworthy borrowers, the proposed assessment is so high that it will serve as a disincentive for them to raise new deposits. If this action results, the ability of our member banks to retain capital required for increased lending activities will be inhibited and their ability to spur further economic expansion in their communities restricted.

Community banks in Nebraska support all types of charitable and community economic development projects that have a significant impact on the long-term success and stability of their communities. The level of special assessment proposed will no doubt have an adverse impact on these activities.

The proposed assessment will have a significant impact on our member banks and their communities. As a result, in addition to the potential reductions in the assessment resulting from increased fees under the TLGP and pursuant to increased borrowing authority, if adopted by Congress, we would recommend that the FDIC consider more reasonable, long-term funding options, such as: (a) reducing the special assessment and spreading the cost over a longer period of time; or (b) using a convertible debt option, whereby the FDIC can convert debt borrowed from the banking industry into capital to offset losses as it needs the funds. This would allow the expense to be written off only when the funds are actually needed.

In closing, the NBA once again thanks the FDIC for its efforts to maintain the strength and stability of the FDIC fund and to maintain customer confidence in the banking system. Working together, the FDIC and the banking industry can create a plan that carries out these objectives, while allowing community banks to advance the recovery of our nation's economy.

Sincerely,

George Beattie

George Beattie
President & CEO
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