Independent Community Bankers Association of New Mexico

Jerry C. Walker
President/CEO

PO Box 1810
Aztec, NM 87410
Phone: 505-327-2151
Fax: 253-399-4348
www.icbanm.org

Good Afternoon,

Thank you for allowing the Independent Community Bankers Association of New Mexico to comment on the proposed 20 basis points special assessment of our member banks. We currently have all fifty (50) eligible member banks in the state as members of our association.

Obviously, New Mexico is a small state not having a large number of insured institutions. Our member banks held approximately $11.5 billion in deposits at the end of June 2008. The proposed special assessment, when combined with the regular assessment, will be very detrimental to our members and to our state.

If the regular assessment is 12 basis points and the special assessment is 20 basis points, we would suggest that our banks would be reducing their earnings by some $36.8 million in 2009.

If a factor of ten is applied, that means some $360 million will be unavailable for loans in New Mexico. Our state is one of the more "capital poor" states in the nation and reducing available capital for small business and consumer lending will not assist our state or its citizens as we weather the recession that is underway.

Our bank members were not a party to the lending practices that led to the current situation. A heavy assessment taken in a single year penalizes smaller institutions while some of the larger banks may be able to use government funds to pay all or a portion of their assessments. Further, there are some community banks that are dramatically feeling the effects of the economic downturn and we fear this heavy burden could force them into failure.

Our hope is that the FDIC will make attempt every attempt to borrow the needed funds and allow for an amortization period which will give the banking industry time to absorb the impact of the assessments. If that is not possible, the agency should support accounting rule changes that allow our banks to amortize the payments over a number of years thereby reducing the negative impact.

Finally, we would urge that all assessments be based upon total assets (minus tangible capital) and that the FDIC support a system whereby there is a premium imposed commensurate with the risk for "too big to fail" institutions.

Thank you for your consideration of our suggestions.

Jerry C. Walker
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