From: Charles Wilson [mailto:charles.wilson@foundationbank.org]
Sent: Thursday, April 02, 2009 4:40 PM
To: Comments
Subject: RIN 3064-AD35

I am writing to express my opposition to, and dismay over, the 20-basis point special assessment that has been imposed by the FDIC.

As owner, Chairman, and CEO of a small community bank with assets of $106 million in rural West Tennessee, I would like to share with you how this special assessment will impact our bank. Last year, our FDIC assessment totaled $14,303.78, and our profits were down approximately 25% last year. This year, without the special assessment, our regular assessment would total approximately $77,347.00, based upon the 1st Quarter 2009 assessment. With the addition of the 20-basis point special assessment, our total FDIC assessment will total approximately $265,000 for 2009.

A 20-basis point special assessment will increase our premiums in 2009 by $188,000. Even a 10-basis point special assessment will increase our premiums in 2009 by $94,000. As you can see this special assessment, whether 20 basis points or 10 basis points, will be crippling to our bank.

McKenzie Banking Company has been in business for 75 years and its reputation is impeccable in the banking community, as well as the community in general. We have eight banking locations, and we know our customers by name, as well as the names of their family members. We have been there to assist them in purchasing homes, vehicles, businesses, farms, company expansions, and have been an integral part of our community's economy, both in good times and in bad times.

By imposing the special assessment on community banks, our ability to help our customers will be severely impaired, as our cash available for lending will be decreased dramatically. In addition, we will be forced to examine all aspects of our operations to cut back wherever possible, further limiting our ability to help foster economic recovery in the local communities we serve.

Our bank is a very conservative one, and we did not participate in the risky business practices that led to the current economic crisis. Yet, community banks such as ours are being penalized, due to the mismanagement of large, liberal banks. It seems contradictory and unfair to request that banks that have handled their operations responsibly help fund the FDIC's shortage caused by other banks that did not act responsibly in their business dealings. In our opinion, banks with a larger risk should pay for a greater portion that the now thriving, community banks with little or no risk (because of proper management). The special assessment will put many community banks at risk, and they will not be bailed out because they are not "too big to fail". Instead, economic recovery in our communities will be thwarted, as local businesses and individuals are unable to borrow the funds they need to continue the recovery process.

I respectfully suggest that the FDIC explore the possibility of charging a risk assessment based upon the risks and the assets of the bank, rather than on total deposits. Many banks borrow from the Federal Home Loan Bank and this is not a deposit; however, this is a liability that they can use to fund assets. I realize, at the present time, that there is some risk-based formula for the premium, but I highly recommend that the formula be restructured, and based upon the risk in the asset-side of the balance sheet.

I strongly urge the FDIC to explore all alternatives for funding the Deposit Insurance Fund shortage, in lieu of the special assessment. I also urge you to solicit input from community banks, as these are the banks of Main Street America. Banks such as ours are keeping the economy of our local communities afloat.

I respectfully request that you consider my comments, as well as those of many other community bankers, and examine avenues other than an FDIC special bank assessment for increasing the DIF.

Thank you for your time and consideration.

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