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April 2, 2009

Mr. Robert Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: RIN 3064-AD35; Interim Rule on Assessments; 12 CFR Part 327,
74 Federal Register; March 3, 2009

Mr. Feldman:

State Bank of Southern Utah welcomes the opportunity to comment on the Interim rule by the FDIC on "emergency special assessments". State Bank is a 600 million dollar Community Bank located in southwestern Utah with headquarters in Cedar City, Utah. The bank has been in business for 51 years and has 15 branches, in rural and urban areas that provide deposit and lending services to our area. We have $445 million dollars of business and consumer loans in our area and over $510 million in deposits from local customers. In many rural towns we are the only bank available. We also originate and service over $150 million of local home loans for Fannie Mae and have less than a 1% past due 90 day delinquency rate on those loans.

State Bank of Southern Utah knows that the Federal Deposit Insurance Corporation must remain well capitalized and has always paid its assessment to that insurance fund. However, the 20 basis point special assessment seems unduly burdensome under present circumstances and State Bank believes other alternatives exist. I have listed my comments below.

- This proposed special assessment comes as an unexpected expense at the worst time in our history because of the economic downturn we are experiencing. It would more than double our FDIC expense from about $1 million dollars to about $2 million dollars when we expect net income to be about 50% of what it was in 2007. State Bank of Southern Utah turned down the government Capital Purchas Program money in December which many banks received and can use to pay FDIC assessments while we take it out of our earnings.

- This assessment will rob money which we could use to make loans. It could also cause earning problems that will change our CAMELS ratings and make us pay even higher FDIC assessments.
- The assessments needed to recapitalize the FDIC could be paid over a longer period of time so the assessment would not have to be so large in a year when our earnings are suffering.

- The FDIC should not have the power to do special assessments in the same year regular assessments have more than doubled. How can a bank budget and do long range planning when the FDIC has the power to do special assessments that can take 20% or more of current earnings?
- It is unfair to current FDIC insured banks for the FDIC to take on the additional risk of the Wall Street Investment banks that concerted to Bank Holding Companies unless they pay an upfront FDIC assessment.

It is our suggestion that the FDIC do the following:

1. Collect an upfront assessment from the Wall Street Investment banks who were allowed to become Bank Holding Companies overnight.
2. Establish a longer recapitalization period and use revenue from the TLGP Program.
3. Establish a larger line with the Treasury of no more than $100 Billion dollars to be assessed if necessary.
4. As last resort, issue FICO type bonds that can be paid over a 10-year period.

Thank you for taking our suggestions. It is very important that you find ways to lessen the impact of the FDIC assessments in 2009 and 2010.

Sincerely,

Ron Heaton

Ronald W. Heaton
President and CEO