From: BENJAMIN BORNE [mailto:bborne@banksynergy.com]
Sent: Thursday, April 02, 2009 6:55 PM
To: Comments
Cc: Jerry Ledet
Subject: Assessments - Interim Rule - RIN 3064-AD35

Opposition to RIN 3064-AD35

I am writing on behalf of the Asset Liability Management Committee of Synergy Bank in Houma, Louisiana. We appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter. We have serious concerns about this proposal, but first wanted to emphasize that we fully support the view of the FDIC that we need a strong, financial secure fund in order to maintain the confidence depositors have in the system. However, how this is done is very important to our bank and our community.

The special assessment is a significant and unexpected cost to our bank that will have a significant impact on earnings. On a national level, banks are already dealing with a deepening national recession, accounting rules that overstate economic losses and unfairly reduce capital, regulatory pressure to classify assets that continue to perform, and a significant increase in regular quarterly FDIC premiums. Each of these is a big challenge on its own - but collectively, they are a nightmare. Banks like ours that never made a subprime loan and have served our communities in a responsible way for years and years are being unfairly penalized. The special assessment is completely at odds with our bank's efforts to help our community rebuild from this economic downturn. The cost is so high that it is a disincentive to raise new deposits. Fewer deposits will hinder our ability to lend. The reduction in earnings will make it harder to build capital when it is needed the most. We will also be forced to look at ways to lower the cost of other expenses, which may limit our ability to sponsor community activities or make charitable donations - something that we have done year after year. The implications for this significant FDIC charge will impact every corner of our community. It is patently unfair and harmful to burden a healthy bank like ours that is best positioned to help the economy recover. Given the impact that the proposed assessment will have on our bank and our community, we strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding its needs in the short term. We urge you to consider more reasonable funding options, such as;

* Reduce the special assessment and spread the cost of it over a long period of time;

* Use a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if it needs the funds. This would allow banks to write off the expense only when the funds are actually needed;

* Use the FDIC's borrowing authority with Treasury if the fund needs resources in the short-run. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a long period of time; and

* Use the revenue that the FDIC is collecting from the Temporary Liquidity Guarantee Program. There is considerable revenue from those banks that are issuing guaranteed debt to help support the FDIC at this critical time.

Making these modifications will ensure that the fund remains secure and will allow our bank to continue to lend in our community. We urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule.

Sincerely,

Ben D. Borne

Synergy Bank
MEMBER FDIC

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