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Subject: RIN 3064-AD35 FDIC emergency special assessment

My comments are do to the interim rule whereby the FDIC is adopting an interim rule to impose a 20 basis point emergency special assessment under 12 U.S.C. 1817b5 on June 30, 2009. This assessment will be collected on September 30, 2009. This assessment is to fund the potential shortfall the FDIC will have with banks failing. In summary I don't think the assessment should be approved based on my following observations:

Sheila Blair the FDIC Chairman acknowledges in her memo to CEOS of banks that the "assessments are significant expense, particularly during a financial crisis and recession when bank earnings are under pressure. Banks face tremendous challenges right now even without having to pay higher assessments. We also recognize that assessments reduce the funds that banks can lend in their communities to help revitalize the economy." I couldn't have said it any better to give the banks reason to stop this assessment. Our FDIC budget for the year was $867,000 and with the special assessment are anticipated expense will be $2,036,500!!! Which will strain earnings, capital, liquidity, lending to small business and consumers which has the domino effect resulting in job loss in our community. Banks are trying to keep their doors open and lend but if this assessment goes through institutions will loose money in 2009 and/or fail.

The Stimulus program didn't work with the banks because the big banks received the money and no they didn't loan it out like it was intended to be. Why not use some of the Stimulus funds to fund the FDIC insurance so the banks like ours can continue to fund small business/jobs instead of bailing out the big banks and the poorly managed banks that should close their doors anyway.

Yes the taxpayer like myself may have to fund some of this. But it is also protecting the taxpayers deposits in the institutions. I have to pay insurance on my house and my car and so yes I have to pay insurance on my deposits.

Other things the FDIC could do is fund the insurance over a longer period. In Blairs memo to the CEO's their is discussion for the premiums to restore the Fund over a seven year period instead of five years. Why not take this out even longer? With the condition of the economy we have had to take our loans out over a longer period in order for the small business to pay. It is either that or take the keys, lose the jobs, tax base etc. Creativity and practicality is needed in her thinking. Don't just "tax" the bank because the banks are already suffering in more ways than one. Stretching the DIF restoration plan longer than the seven years and monitoring losses and adjusting premiums in the event the losses don't occur is also another way to look at this. Go to the Treasury to replenish the DIF. The taxpayer in our community in our cities in Montana want to see their banks stay open and not fund the "Big Bank bailouts or the Auto industry bailouts. Bring yourself down to mainstreet small business that are trying to survive this economy and needs banks like ours which are community owned small businesses. How about size adjusted assessments for small to big banks?

Blair states "FDIC considered other accounting treatments, especially for the assessment." She talked about "bonds or convertible debt to ease the burden on banks" so there are other ways to fund the FDIC problem. Again don't take the easy approach and throw it onto the banks to pay for it. Government is already costing lending institutions increase costs in overhead to cover the losses Citigroup, Bank of America, AIG etc etc has caused. The TARP money that we may be eligible for smaller than what we would have to pay in FDIC for 1 year!

The Treasury, FDIC, OCC, OTS and the Federal Reserve issued a joint statement February 23, 2009 saying "A strong, resilient financial system is necessary to facilitate a broad and sustainable economic recovery. The U.S. government stands firmly behind the banking system during this period of financial strain to ensure it will be able to perform its key function of providing credit to households and businesses. The government will ensure that banks have the capital and liquidity they need to provide the credit necessary to restore economic growth." With that said do you understand that when you have and additional expense to the FDIC in the amount of $1.2 million that it affects the very thing mentioned above that the government wants to help ie. Capital and Liquidity. This is an expense and it hits the bottom line and in turn prevents the institutions from helping "to restore economic growth".

In conclusion, I could go on and on but banks need your help in stopping the proposed FDIC special assessment. Thank you for help you can give us and our customers. This interim rule requesting comments needs to be overturned.

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