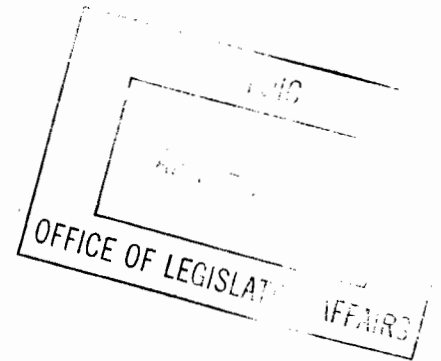


Congress of the United States
Washington, DC 20515

March 30, 2009



The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Dear Chairman Bair:

We are writing to express our concerns about current proposals to replenish the FDIC insurance fund and the potential repercussions they may have on Kentucky's banking industry.

We recognize the importance of ensuring the FDIC insurance fund is fully prepared to address any future issues. Consumers have come to trust and expect the government's protection of their hard earned savings and we appreciate your efforts to continually earn that trust.

The banking demographic in Kentucky is fairly unique in that all of the banks headquartered in the Commonwealth are considered "community banks." Kentucky has only two State chartered banks with deposits in excess of \$2 billion, with the vast majority of banks having less than \$200 million in deposits. These banks are safe and strong because they have conducted banking business in a consistently conservative manner despite the economic ups and downs over the years.

It is estimated that the new emergency 20 basis point special assessment fee will cost Kentucky chartered banks approximately \$80 million. The number increases to \$132 million when including all banks in Kentucky.

When regular quarterly assessments are already at historic highs, adding an additional fee may wipe out the entire earnings for many community banks. This will deplete banks' liquidity at a time when it is needed most so that they can help Kentucky's communities weather the economic downturn. Instead, excessive assessments will put many community banks in a position where they have limited or no ability to invest in bonds or community projects; make charitable contributions to local organizations; or offer loan modifications to Kentuckians.

A number of alternatives have been suggested, including 1) Using TARP funds to be repaid through bank premiums over time; 2) Extending payment of assessments over a longer period of time; 3) The FDIC utilizing their \$30 Billion line of credit; and 4) mandating risk weighting on all assessments.

We respectfully urge you to consider a variety of alternatives to maintain the necessary stability of the FDIC insurance fund while protecting the community bank sector when its strength is needed more than ever in our communities.

Sincerely,



MITCH McCONNELL
UNITED STATES SENATOR



JIM BUNNING
UNITED STATES SENATOR



BEN CHANDLER
MEMBER OF CONGRESS



GEOFF DAVIS
MEMBER OF CONGRESS



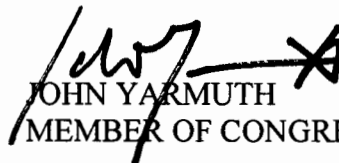
BRETT GUTHRIE
MEMBER OF CONGRESS



HAROLD ROGERS
MEMBER OF CONGRESS



ED WHITFIELD
MEMBER OF CONGRESS



JOHN YARMUTH
MEMBER OF CONGRESS