



March 25, 2009

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments, Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

RE: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

On Feb. 17, 2009, the FDIC announced it would impose a 20-basis point special assessment on all domestic deposits as of June 30, 2009, to help recapitalize the Deposit Insurance Fund. This special assessment will be in addition to the regular assessment for 2009, which for most banks will be between 12-16 basis points.

On Mar. 5, the FDIC said it could reduce the special assessment to as low as 10-basis points if Congress enacted legislation that would increase the FDIC's borrowing authority from the United States Treasury from \$30 billion to \$100 billion.

Community banks did not participate in the risky practices leading to today's economic crisis, yet we are being penalized by having to pay this onerous special assessment on top of regular assessments that are more than double those of last year. Such will hamper community banks' ability to make loans that support economic recovery across our country.

Based on our deposits as of yesterday (\$1,120,957,485), a 20 basis point assessment charge would be \$2,241,915. The average deposits for the 1st quarter of 2009 will be in the neighborhood of \$1,095,789,636, and a 20 basis point assessment charge on that amount would be \$2,191,579. So either way you slice it, the charge would be approximately \$2.2 million.

Also, based on a review of recent quarterly FDIC insurance assessment invoices, we have been paying between 6 and 7 basis points for FDIC insurance (not including FICO insurance) on an annualized basis. The FDIC's recent increase in the 2009 assessment rate to 12 to 16 basis points will more than likely double our current quarterly expense to approximately \$360,000 (or \$1,440,000 annualized). Over the last two quarters it has been around \$180,000 per quarter (or \$720,000 annualized).

Robert E. Feldman  
Page 2  
March 25, 2009

An alternative would be to base the assessment on assets less tangible capital, not domestic deposits, so large banks can pay their fair share. Another would be to levy a systemic risk premium on large banks. Before the FDIC increases our assessment they should explore other alternatives, so the industry can fund the Deposit Insurance Fund over time.

The community banking industry is the bright spot in this current economic storm. The vast majority of community banks are well-capitalized, commonsense lenders that have been and want to continue to help in the economic recovery process in cities and towns across America. This special assessment will only hinder their ability to do so.

At the time we are being hammered with special provisions we simply cannot afford the special assessments. The FDIC could also issue debt instruments to the public or using its authority to borrow from the banking industry. The DIF would still be industry-funded if the FDIC used its borrowing authority, but the industry would be able to pay the cost of recapitalizing the DIF over time. All of these alternatives should be thoroughly examined with community bank input.

We also support a change in the accounting rules to allow banks the opportunity to amortize the special assessment over a period of years. In addition we support a systemic-risk premium for the large, "systemically important" banks. This premium should be large enough to pay for the substantial risk of insuring these institutions.

It's unfair that so many of the large banks have received tens of billions of dollars of TARP money and will have the ability to use these taxpayer funds to pay this premium.

Sincerely,

  
H. Dennis Upchurch  
President and CEO

HDU:cm