



March 26, 2009

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

RE: Interim Rule on "Assessments" (RIN 3064-AD35)

Dear Mr. Feldman:

I am writing today to express my disappointment of the FDIC Board's proposal to impose a special assessment on all insured institutions as of June 30, 2009. A special assessment, whether 10 or 20 basis points, will greatly reduce our earnings and limit our ability to lend money and serve our community at the same level that we have done in the past. Since this bank did not receive any TARP funding, this assessment will come out of bank earnings, not taxpayer funded money.

This assessment is an unfair penalty on all community banks. We have practiced safe and sound, common-sense banking for over 40 years and have not participated in any of the risky practices that have created the current economic crisis. Each day it seems there is a story on a news station about the benefits of community banks and their role in aiding in the economic recovery process, yet they are being penalized by this special assessment on top of their regular assessment.

I feel that there are many alternative ways of funding the Deposit Insurance Fund that should be explored before instituting an additional assessment on banks already burdened with increased assessments. The FDIC could use its existing authority to borrow from the Treasury or the banking industry or issue debt instruments to the public. Any of these alternatives would still result in a DIF that was funded by the banking industry but the cost of recapitalization could be paid out over time versus a lump sum assessment.

If the FDIC proceeds with the special assessment then this and all future assessments should be calculated based on total assets (minus tangible capital). This method would create less of a burden on community banks and allow the larger banks, who caused the current problems, to shoulder a larger share of the assets. After all, the banks did not fail because of deposits but because of poor asset quality. Additionally, the FDIC should consider a change in current accounting rules that would allow banks the opportunity to amortize the special assessment over a period of years, which would significantly reduce the impact.

Congress and the FDIC should support a systemic-risk premium for large "systemically important" banks. The premium should be large enough to ensure that the risk of insuring these banks who have been labeled as too big to fail is covered through this premium and not through the earnings of community banks.

In closing, I would urge the FDIC to explore all alternatives for funding the DIF instead of imposing a special assessment. Community banks have not contributed to this economic crisis but will pay an unfair share in the recovery process if the FDIC proceeds with this plan.

Sincerely,

A handwritten signature in black ink that reads "Harlan R. Heitkamp".

Harlan R. Heitkamp
Chairman of the Board
ValueBank Texas