The
Pioneer Savings Bank
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March 27, 2009

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

Reference: "Assessments, RIN 3064-AD35"

Dear Mr. Feldman,

I 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 of 2009 in addition to the base assessment rate.

I have serious concerns about this proposal, but first wanted to emphasize that I 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 my Community Bank and my community. Each of these is a big challenge on its own – but collectively, they are a nightmare.

- The special assessment is a significant and unexpected cost to my bank that will devastate earnings.
- We are already dealing with a deepening 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 the regular quarterly FDIC base premiums.
- Community Banks like mine 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 my community bank's efforts to help my 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 my community. It is patently unfair and harmful to burden a healthy bank like mine that is best positioned to help the economy recover.

Given the impact that the proposed assessment will have on my community bank and my community, I strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding its needs in the short term, such as;

- The special assessment should be based on total assets (minus tangible capital), not total domestic deposits, so that banks that caused the problems pay a bigger share.

- Accounting rules should be changed to allow community banks the opportunity to amortize the special assessment over a period of years.

- A Systemic-risk premium for the "systemically important" banks should be assessed. This premium should be large enough to pay for the substantial risk of insuring these institutions.

- The FDIC should explore all alternatives for funding the DIF in lieu of the special assessment including using its existing authority to borrow from the Treasury, issuing debt instruments to the public or using its authority to borrow from the banking industry. All of these alternatives should be thoroughly examined with community bank input.

- Reduce the special assessment and spread the cost of it over a long period of time.

- The FDIC should spread out the recapitalization of the fund over a longer time frame as well such as 10 years instead of the proposed 7 years.

- 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 me write off the expense only when the funds are actually needed.

- 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 my Community Bank to continue to lend in our community. I urge you to take these suggestions into consideration when the Board meets in April 2009 to finalize the special assessment rule.

Yours truly,

Virginia C. Barsan
President & CEO