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March 3, 2009

Hon. Congressman John Hall
Orange County Government Center
Room 3232G
255 Main Street
Goshen, NY 10924

Re: FDIC Insurance Premiums

Dear Congressman Hall:

The recent decision by FDIC to impose an across the board burden on all banks regardless of their size, strength, contribution to the financial disaster, etc., is another one of these bad decisions with tremendous unintended consequences.

For our small Walden Federal Savings and Loan Association, it will take up one-third of our annual profit. It will require us to commit the net income of \$12,750,000 in loans.

Walden Federal did nothing wrong. It is well capitalized. It has excellent ratings from all the rating organizations and the supervisory agencies.

We are in the trenches. We are Main Street. We are making loans to small businesses. We try to help homeowners who are having difficulties. Tell me of one of the big banks that has a committee of directors that meets with a borrower to see how to work out payment plans. Tell me about a big bank that offered to buy back a mortgage from Fannie Mae so it could recast the mortgage for the mortgagor.

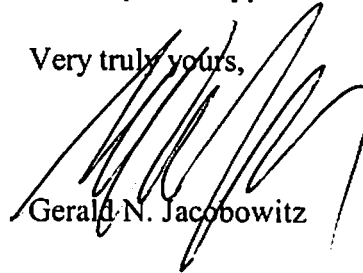
They say there are no options. That is totally ridiculous. The banks who took TARP money should be paying the increased premiums. They are the ones who needed Federal bailout. Let them use the TARP money to fund the FDIC reserves. The FDIC doesn't need to draw on the Treasury Department line of credit but instead can get their reserves bolstered by money from the banks that took TARP money. After all, the banks that took TARP money are paying interest back to the government at 5%. The government is making money on this deal. Take part of that money that is being made and use that for the FDIC.

Under this new premium rule, you are hurting the very banks that are going to help bring the economy back.

I could give you twenty more ways of funding the reserves. The bailout and other efforts have been out of control from the very beginning. The FDIC decision is now putting all banks under pressure. A brilliant idea.

Washington needs more small town community bankers making decisions, not Wall Street investment bankers who look at the financial industry as a supplement to Las Vegas.

Very truly yours,



Gerald N. Jacobowitz

GNJ:bmm

cc: Mr. Thomas F. Gibney, President and CEO
Hon. Sheila Bair, FDIC ✓