STROUD NATIONAL BANK

April 1, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street N. W.
Washington, D. C. 24029

RE: RIN3064-AD35

Dear Mr. Feldman,

I am the CEO of a tiny bank in rural Oklahoma. Our net earnings for 2008 were $1,250,000 on deposits of $57,500,000. The proposed FDIC 20 basis point special assessment would represent 9.25% of our 2008 income. Unfortunately 2009's income is down almost one-third on a year over year basis, so this assessment would represent almost 12% of our 2009 net income. That would reduce our net income almost 50% from 2008. We have already experienced a 614% increase in our premium over the March, 2008, premium. I am sure more increases are to come.

I understand the banking industry is responsible to keep the Deposit Insurance Fund strong. I understand the law of large numbers and that insurance spreads the losses of the few over the many institutions that are insured. What I don't understand is, while we will pay whatever is required of us, Citibank and other "to large to fail" banks will not be able to pay their assessment and will call upon the treasury for more bailout funds which will again require me to pay a portion of their premium through taxes. That isn't fair!

During the savings and loan crisis, FSLIC became insolvent and FDIC was called upon to help bail them out. Our bank got to pay increased premiums to pay for saving and loan's greed and incompetence. It appears this is happening again. Will NCUA be asked to participate as FDIC was? Credit Unions were more than happy to apply for TARP funds to bail out their problems even though they have paid nothing to the government in taxes. That isn't fair either.

Through the media the public is constantly told banks are not making loans and that is what is wrong with economy. That's not true! In fact in the first quarter of 2009 we have made 310 loans totaling almost $8,500,000, almost 15% of our total deposits. Our loan to deposit ratio is 94.24%. Our capital to asset ratio is 8.16%.

What is true is that huge assessments will impair our ability to strengthen our capital, and will impair our ability to increase lending. It will also reduce our ability to support our communities with charitable contributions. The combination of reduced income and increased expenses may cause us to reduce staff and/or reduce benefits like heath insurance coverage which cost us $200,000 last year.

In anticipation of ever greater assessments, we will be shrinking our bank. This will have the desired effect of reducing the amount we pay for FDIC coverage and will increase our capital to asset ratio. This should also help us keep and/or improve our CAMELS rating and further reduce our assessment. Unfortunately, it will also reduce our ability to lend.

It is our hope that some other solution can be found other than a huge 20 basis point assessment with the possibility of an additional 10 basis point assessment later in the year. Such a significant and unexpected costs will certainly have negative effects on all bank's income and may have unexpected consequences of reducing lending, donations and perhaps cause more bank failures.

Sincerely,

Arthur H. Thompson
President and CEO