



With New Jersey Banks, New Jersey Prospers

411 North Avenue East Cranford New Jersey 07016-2436 • 908-272-8500 • Fax 908-272-6626

March 11, 2009

Chairwoman Sheila Bair
550 17th St., NW, Room 6028
Washington, DC 20429

Dear Chairwoman Bair,

We are writing you today to express the New Jersey Bankers Association's* concern with the FDIC's decision to move forward with a special emergency assessment to replenish the FDIC fund. While we applaud your willingness to compromise from the originally proposed 20 basis point assessment, to 10 basis points provided that Congress passes legislation expanding the FDIC's line of credit with Treasury to \$100 billion, our concern for the immediate effects remains.

As you know, many banks face narrowing profit margins due to the unprecedented economic downturn. This assessment comes at the most inopportune time. For some of our members, even the scaled back assessment will consume an entire quarter's earnings. This is occurring at the same time that the federal government is pumping capital into the system and encouraging banks to lend. Furthermore, an increased assessment adds another stress to banks that are less than well capitalized. This is counterproductive.

We agree that maintaining the solvency of the Bank Insurance Fund is critical to providing assurance to depositors that their deposits are safe, but believe that pursuing a gradual ramping up approach is more desirable. This approach would allow banks to plan for the assessment and weather the current storm without an overly burdensome assessment.

We look forward to working with you and thank you for reaching out and engaging with the banking community to seek bankers' views on this very important issue.

Sincerely

James R. Silkensen
Co-President/Co-CEO

John E. McWeeney
Co-President/Co-CEO

* The new New Jersey Bankers Association, formed by the 2009 combination of the New Jersey Bankers Association, founded in 1903, and the New Jersey League of Community Bankers, founded in 1908, is a trade association representing 118 of New Jersey's commercial banks, savings banks and savings & loan associations. The NJBankers' wholly-owned subsidiary, T.I.C.I.C., assists NJBankers' members in forming consortia to make loans on low-to-moderate income housing and economic development projects throughout New Jersey. Since its founding in 1991, T.I.C.I.C. has closed \$410 million in loans to create over 5,750 units of housing affordable to families, senior citizens and citizens with special needs. In addition, TICIC's loan pipeline will create further residential units to serve the needs of communities throughout the state.

Norman E. Beatty
Co-Chairman
Chairman/President/CEO
First Hope Bank
Hope, NJ 07844

John H. Wessling, III
Co-Chairman
President/CEO
Haven Savings Bank
Hoboken, NJ 07030

John E. McWeeney, Jr.
Co-President &
Co-Chief Executive Officer
New Jersey Bankers Association
Princeton, NJ 08540

James R. Silkensen
Co-President &
Co-Chief Executive Officer
New Jersey Bankers Association
Cranford, NJ 07016