TEXAS HERITAGE NATIONAL BANK
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March 27, 2009

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

Re: 12 CFR Part 327; RIN 3064-AD35; Assessments

Dear Mr. Feldman:

We 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. We have serious concerns about this proposal, but first want to emphasize that we fully support the view of the FDIC that we need a strong, financially secure fund in order to maintain the confidence depositors have in the system. For this reason, I believe the Deposit Insurance Fund should never go to zero. However, how the fund is restored is of vital importance to our bank and the communities we serve.

Texas Heritage National Bank, headquartered in Daingerfield, Texas has been serving the needs of our Communities and the surrounding rural areas of Northeast Texas since 1889. In addition to our Daingerfield locations, we have branches in Ore City, Omaha and Sulphur Springs, Texas. We are a small community bank with a little over 100 MM in Assets.

The special assessment is a significant and unexpected cost to our bank and it will add to our inability to show adequate earnings in 2009. The sharp decline in Fed rates has had a devastating impact on our net interest margins. Most of our loans were priced on variable or adjustable rates and have decreased sharply as prime has dropped from 8.25% in 2007 to the current 3.25%. Our cost of funds during this same time frame has shown only a modest drop of approximately 80 basis points. Before the economic down turn, we initiated a planned expansion by adding additional lending staff and the start of a new branch. The downturn in the economy combined with the compressed interest rate margins and increased cost due to our expansion have already put pressure on our profitability. In addition, our cost have been drastically impacted by the market turmoil as we expensed $400,000 in 2008 due to cash value changes in bank owned life insurance policies on officers and we had a $380,000 hit to capital due to market value declines on securities. This added FDIC assessment could not come at a more inopportune time for us.

We are receiving mixed messages from the regulators and Congress: preserve capital, while continuing to make loans in our communities..This assessment will negatively impact both our ability to make loans and preserve capital. 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 now a significant increase in regular quarterly FDIC premiums.

Each of these is a big challenge on its own—but collectively, they are a nightmare. Our bank has never made a subprime loan and we have served our communities in a responsible way for over 100 years. We feel we are being unfairly penalized with this additional assessment. The special assessment is completely at odds with our efforts to help our communities which have been adversely impacted by massive layoffs of US Steel and Pilgrim's Pride.

To offset this increase in the FDIC insurance assessments, we will also be forced to look at ways to lower the cost of other expenses, which will limit our ability to sponsor community activities or make charitable donations and very well may lead to a reduction in staff at a time when unemployment in our area is already on the rise.

Given the impact that the proposed assessment will have on our bank and community, I strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding it needs in the short term. We urge you to consider more reasonable funding options, such as:

- Reduce the special assessment and spread its cost over 10 years. The FDIC should spread out the recapitalization of the fund over a longer time frame as well.

- Use a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if the funds are needed. This would allow me to write off the expense only when the funds are actually needed.

- Use the FDIC's borrowing authority with Treasury if the fund needs resources in the short run. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a long period of time.

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

Sincerely,

Dwyatt Bell
CEO/President
Texas Heritage National Bank