From: Don Vondra [mailto:dvondra@ubsmt.com]
Sent: Thursday, March 05, 2009 10:35 AM
To: Comments

Dear Members of the FDIC

This reply to the 20 BP assessment will most likely not be popular with my members of the ICBA but it is an accurate reply of my reaction to same. First and foremost the assessment is an outrageous assessment. It is a crime that the majority of the small and medium community banks are going to be penalized for the greed and a abusive actions of the very few. For my small bank it is double jeopardy as I had a lender that got away from me and we had some issues. We have been working diligently to clear these up and can see the light at the end of the tunnel. The impact of the 20 BP assessment and our regular assessment is that will be that we will be paying approximately 9% of our total annual expenses to the FDIC. The special assessment represents about 20% of our total income for the year. In a time when we find ourselves tightening up lending and moving to a larger bond portfolio because of regulatory pressure, earnings for small community banks like my self are really struggling and the impact of the assessment is overwhelming.

As to the assessment I understand that the unpopularity of it but quite honestly understand the need as well. For all of my banking career FDIC insurance fund was what kept us in the dance. The fund and function must survive if the integrity of the banking system is to be maintained. We have hung our hat on the on the moniker of FDIC insurance and now it is time to pay for the band. Each Monday I look to the FDIC website to see who's listed as a failed institution. Kind of like the obituary section of the paper, if my name is not listed it is a good day. The level of failures is overwhelming and represents mismanagement in our industry, the regulatory process, as well as the absolute terrible and impossible economic times we are living in.

Nobody wants to pay for this but that is not an option. What is a an option is for our government to look at small community banks that are competing against credit unions in an already unfair playing field and help these banks survive with some sort of tax consideration while we struggle for earnings. What is an option is for the cost of the special assessment to be prepaid by the bank and then expensed out over a 3 or 4 year period of time which would significantly reduce the impact of this assessment and what appears to be certain others. What is an option is to put a moratorium on new branches and charters that have a significant impact on the competitive market place we are dealing in until such time that the economy and industry has stabilized. What is an option is for the FDIC to monitor and regulate those institutions that are so over aggressively pricing deposits and overstating the competitive nature of the market and not provide insurance on the practice. I regularly loose deposits to institutions that call these out of the area over priced deposits core deposits that are in a totally different geographic area of the country. Have those deposits identified and let the greed factor on both sides of the coin pay the price of an add'l insurance premium for them. The consumer wants the rate let him pony up some as well.

This thing can go on and on. The fact is that the special assessment will have a significant impact on all banks bottom lines. To help us insure as healthy a representation of earning that we can please consider easing the landing on the assessment.

Thank You

Donald M Vondra
President
United Bank, N.A.
P.O. Box 480
Absarokee, Montana 59001