



City Bank TEXAS

Member FDIC

Cory T. Newsom
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

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April 1, 2009

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Special Assessment, RIN 3064-AD35

Dear Mr. Feldman:

As a community banker in Texas who survived the economic crisis of the 1980's and early 1990's, I would like to share my strong opposition to the current proposal to impose a 20 basis point special assessment on all FDIC insured institutions in the United States. Our bank is healthy and an important source of lending in our communities. However, a special assessment of this magnitude would significantly limit our ability to lend locally.

City Bank is a locally owned community bank with \$1.9 billion in assets and an extensive branch network throughout the state of Texas serving approximately 20 different communities. The bank is well-capitalized, with leverage capital of 9.2% and total risk weighted capital of 11.1%.

The Texas economy is currently healthier than that of the nation. However, stresses are building and the effects of the national economy are beginning to be felt in our markets. The proposed 20 basis point special assessment would cost our bank approximately \$3,000,000. With this increased hit to earnings, our capacity to provide funding in the local communities we serve will be negatively impacted. This seems to be contradictory to what is being requested of banks regarding lending activity in this economy.

Community banks such as ours did not engage in exotic lending products or generate the systemic risk that has created anxiety among the public. Nonetheless, the proposed special assessment makes no distinction, but rather it imposes a significant premium across the board on all institutions, regardless of risk profile. Regulators adamantly stress the importance of quantifying risk factors and using this to manage the activities of the bank. However, where excessive risk is at the heart of the problem for the deposit insurance fund, risk is totally ignored.

We recognize and appreciate Congress looking to expand the FDIC borrowing authority from 30 billion to 100 billion, which might possibly reduce the assessment from 20 basis points to 10 basis points. However, if a special assessment is unavoidable, we would ask that you consider a "systemic risk" premium for both the pending special assessment as well as ongoing FDIC premiums. In addition, the ability to amortize this extraordinary expense over several years would be most helpful. If FASB has an issue with this, Congress should provide rational relief. Extending the period for recapitalization of the deposit insurance fund should also be considered.

In conclusion, I strongly urge reconsideration of this special assessment given the effect it will have on community banks. I understand the challenges faced by the FDIC in these troubled times, and appreciate the difficulty of the decisions facing the FDIC Board. However, the effect on all banks must be a primary consideration.

Sincerely,

A handwritten signature in black ink that reads "Cory Newsom". The signature is written in a cursive, flowing style.

Cory Newsom
President/CEO