From: Cheryl Tucker [mailto:ctucker@floridabankers.com]
Sent: Wednesday, March 18, 2009 9:34 AM
To: Comments
Subject: Opposition to RIN 3064-AD35: Proposed FDIC Special Assessment pursuant to 12 CFR Part 327

Cheryl Tucker
7886 Reynolds Court
Tallahassee, FL 32312-9050

March 18, 2009

Sheila Bair

Dear Sheila Bair:

The Florida Bankers Association (FBA) appreciates the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 10 basis points in the second quarter. We want to emphasize that we fully support the view of the FDIC agreeing that we will need a strong, financial and secure fund in order to maintain the confidence depositors have in the system but the banking industry has serious concerns about this proposal.

The process of an assessment is very important and should have considerable thought. This special assessment is a significant and unexpected cost to banks everywhere and will devastate earnings. We are already dealing with a deepening recession, accounting rules that overstate economic losses and unfairly reduced capital, regulatory pressure to classify assets that continue to perform, and a significant increase in regular quarterly FDIC premiums. Each of these is a big challenge on its own - but collectively, they are destructive.

It is our belief that this special assessment is completely at odds with our banks' efforts to help communities rebuild from this economic downturn. The cost is so high that it is a disincentive to raise new deposits. Fewer deposits will hinder our ability to lend. The reduction in earnings will make it harder to build capital when it is needed most. We will also be forced to look at ways to lower the cost of other expenses, which, in turn, may limit abilities to sponsor community activities or make charitable donations - something that banks have done year after year. In addition, by having to absorb such a

large fee, this could affect the banking industry's ability to have more employees working with their customers during these tough times.

The implications for this significant FDIC charge will impact every corner of many communities. It is patently unfair and harmful to burden healthy banks that are best positioned to help the economy recover. Given the impact that the proposed assessment will have on many banks and communities, we strongly urge you to consider alternatives that would reduce the burden and provide the FDIC the funding its needs in the short term.

We have several recommendations for more funding options, such as;

-Reduce the special assessment and spread the cost of it from two to four years. The FDIC should spread out the recapitalization of the fund over a longer timeframe. This will help reduce unnecessary stress on the banks.

-Use a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if it needs the funds. This would allow banks 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 also 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 FDIC fund remains secure and will allow banks to continue to lend in communities. We urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule.

Thank you for the opportunity to comment.

Sincerely,

Cheryl Tucker