

From: Ralph J Lober [mailto:RLober@consumersbank.com]
Sent: Wednesday, March 04, 2009 10:46 AM
To: Comments
Subject: Special Insurance Assessment

March 4, 2009

Ms. Sheila Bair
Chairman, Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Proposes Special Insurance Assessment:

Dear Ms. Bair:

I am writing in opposition to the special assessment rule adopted by the FDIC's Board of Directors on Friday February 27th. This rule appears to run counter to the administrations efforts to stabilize the banking industry and free up credit. This assessment will disproportionately affect smaller banks with stable core deposits at a time when other regulatory actions are requiring costly analysis and aggressive collateral revaluations.

Community banks like ours have seen dramatic increases in deposits as commercial and retail customers flee the market and mega banks out of fear and disgust. They have taken comfort in the safety and confidence of local banking. The Board is now assessing a penalty on our success in garnering additional core deposits. Consumers National Bank is a well-capitalized institution with \$242 million in assets. We primarily service low to moderate income consumers, businesses and farmers in ten small towns in Northeast Ohio. This assessment alone will: wipe out over 14% of 2009 after tax earnings; eliminate over \$300,000 in capital; reduce our lending capacity by \$3,000,000; and threaten the dividend our shareholder base has come to rely on this market of plummeting stock values and disappearing investment yields. To combat these pressures we have no choice but to slash the rates paid to our depositors, assess fees and reduce our personnel costs.

When multiplied by the 8,000 banks though out the country, the end result of this decision is catastrophic. By requiring a one time payment, the Board is aggravating the economic cycle. While I understand the importance of confidence in the insurance fund please consider stretching the assessment of the additional premium over at least eight quarters. This will allow banks to adjust budgets and reduce the dramatic hit to income and capital, enabling us to continue providing desperately needed credit to our communities.

Thank you for taking the time to reconsider the FDIC's approach to resolving this unprecedented situation.

Ralph J. Lober, II
President & Chief Executive Officer
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