First Federal Bank F.S.B.

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March 06, 2009

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

Attention: Comments RIN 3064-AD35

Dear Mr. Feldman:

I am writing to comment on the FDIC proposed 20 basis points emergency FDIC assessment, which would be collected on September 30, 2009.

Maintaining consumer confidence in and maintaining a strong financial system during our current extraordinary financial and economic hardships is paramount. Last year when the FDIC took Washington Mutual and IndyMac into receivership our customers were concerned about their deposits. The two factors that restored their confidence in the banking system and First Federal Bank, FSB, was the government's assurance that the FDIC would always have a line of credit with the Treasury so no depositor would loose any funds, and secondly our bank's capital strength and commitment to our local community.

First Federal Bank like many other community banks are facing external factors beyond our control that is increasing pressure on our margins, increasing credit quality concerns due to the economy, and the inability to forecast an economic recovery in the foreseeable future. The proposed 20 bp special assessment in addition to the risk based FDIC insurance premium that is effective April 01, 2009, will have a dramatic impact for this fiscal year, which is already reflecting lower levels of earnings from previous years.

I respectfully request the FDIC to consider several alternative strategies. First, stronger consideration be given to accessing the $30 billion line of credit the FDIC currently has available from the Treasury to offset the special assessment. I support the Depositor Protection Act of 2009 that Senator Christopher Dodd is proposing. Secondly, issue longer term bonds backed by the FDIC, which would be repaid over an extended period of time. The repayment of these bonds could be handled through FDIC insurance premiums/assessments, but over a much longer period of time, which would result in a much less severe immediate impact to the margins of current stable and financially sound banks.

One or a combination of the two above suggestions would maintain consumer confidence in our banking system and maintain the financial strength and capital of financially sound banks. I respectfully request the FDIC to consider alternative solutions that will have less impact on financial institutions that have and continue to operate in a safe and sound manner in replenishing the FDIC reserves.

Sincerely yours,

Michael A. Sidebottom
VP Internal Audit Officer
First Federal Bank, FSB