

First Federal Bank F.S.B.

P.O. Box 419194 Kansas City, Missouri 64141-6194 (816) 241-7800

CLARENCE ZUGELTER
PRESIDENT
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN OF THE BOARD

March 5, 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:

On behalf of First Federal Bank of Kansas City, I would like to take this opportunity to comment on your proposed 20 basis point emergency FDIC assessment, which would be collected on September 30, 2009.

I have been with First Federal Bank for the last 37 years and this is one of the most critical periods I have witnessed for not only the banking industry in this country, but also the economic environment in which we are operating. As a strong supporter of the Federal Deposit Insurance coverage that is part of our banking system, I realize the importance of maintaining a strong fund with the required reserves in place.

First Federal Bank is not unlike any other community bank at this time that is operating in an environment characterized by increased pressure on our margins, increased credit quality concerns brought on by the current economic environment, and no forecast for an improvement in the economy in the foreseeable future. All financial institutions are going through a process of trying to operate in a more efficient manner reflecting managing or reducing operating expenses where applicable. The proposed 20 bp special assessment in addition to the risk based FDIC insurance premium that is effective April 1st will have a dramatic impact on our profitability for this fiscal year, which is already reflecting lower levels of earnings from previous years.

I would like to respectfully request that the FDIC consider several alternative strategies. First, stronger consideration to be given to accessing the \$30 billion dollar line the FDIC has available from the Treasury as an offset to the special assessment. This in turn would allow our institution to free up additional capital to lend within our market, and help stimulate our local economy. Many other industries are receiving some form of Federal assistance, and this would not be outside of the norm in today's economic environment.

A second consideration would be to 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 the FDIC insurance premiums/assessments, but over a much longer period of time, which would result in a much less severe immediate impact to the financial institutions that are experiencing abnormal operating conditions at this time. This concept would be similar in nature to the bonds issued during the savings and loan crisis of twenty years ago, which addressed the funding of the RTC and sales of toxic assets during that era.

I realize that there are not easy resolves to this problem, but I respectfully request that consideration be given to alternatives that would not carry such a negative impact on those institutions operating in a safe and sound manner at this time.

Very truly yours,

A handwritten signature in black ink, appearing to read "Clarence I. Zugel", is written over a horizontal line.

Clarence I. Zugel
Chairman of the Board
President
Chief Executive Officer

CIZ/cm