Tioga State Bank

March 12, 2009

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

Dear Mr. Feldman:

Although I like the idea of strong community banks **lending** the FDIC the necessary funds, that didn't seem to get much traction during yesterday's ABA phone conference. What really entices me is having the community banking system step up to the plate to be part of the solution. Demonstrate our strength!

I understand you are looking for other options. Here's another idea:
Why not provide a credit to the banks who pay this special assessment? This could be structured so the credit would not kick in unless some future contingency happened (e.g. the fund reaching a certain level while the problem bank list (or projected losses) falls below a certain level). My understanding is that if the transaction is structured based on something that you are not 100% sure will happen, it does not create a liability on the FDIC books (or a receivable on our books). Although we would still be required to record the expense this year, it would at least create an opportunity to bring it back as revenue in a future year. Of course there would be other stipulations, such as using the credit in increments so as not to significantly upset the inflow of funds in the future.

Thanks for the opportunity to make suggestions.

Sincerely,

Anne McKenna
SVP, Finance & Control
Tioga State Bank
One Main Street
Spencer, NY 14883
607-589-7600 ext.204
amckenna@tiogabank.com

cc: Mr. Robert M. Fisher. President & CEO, Tioga State Bank