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March 10, 2009

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th St. NW
Washington, D.C. 20429-9990

Re Comments on the FDIC's interim final rule that would levy a special emergency 20-basis-point assessment on all banks to recapitalize the Deposit Insurance Fund

Dear Sir:

We appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter of this year. We have serious concerns about this proposal; but first wanted to emphasize that we fully support the view of the FDIC that we need a strong, financially secure deposit insurance fund in order to maintain the confidence depositors have in the system. However, how this is done is very important to my bank and my community.

The special assessment is a significant and unexpected cost to my bank that will devastate earnings for our bank in 2009. The total cost to our bank of a special FDIC assessment plus the increased regular quarterly FDIC assessment and the assessment by our state banking department will be almost \$500,000.00 in 2009. The assessment cost for our bank in 2008 was \$51,265.14. Although North Dakota's economy has been surprisingly robust, the deepening national recession has begun to affect our state too. We are already facing a significant increase in regular quarterly FDIC premiums for 2009 without the special assessment. Each of these factors individually pose a big challenge...but collectively, they become a nightmare.

Banks like mine here in North Dakota have never made a subprime loan and have served our communities responsibly for years and years. The FDIC's actions unfairly penalize our bank. 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 the most.

We are already looking at ways to lower the cost of other expenses...which will include personnel cost and our sponsorships and donations within the community. Our local hospital, a board on which I serve, has a major building project underway. There is an

expectation for a significant contribution from our bank. The special assessment by the FDIC will seriously hinder the bank's ability to make that contribution.

Given the impact that the proposed assessment will have on my bank and my community, it will be important for the FDIC to consider alternatives that would reduce our burden yet provide the FDIC the funding its needs in the short term. I had the opportunity to participate in an American Bankers Association [ABA] teleconference yesterday where alternative options were discussed. It is my understanding that the ABA will be conferring with FDIC officials soon to give consideration to at least some of these options. I urge you to consider more reasonable funding options, such as these:

- Reduce the special assessment and spread the cost of it over a long period of time. The FDIC should spread out the recapitalization of the fund over a longer timeframe as well;
- 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 us 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. We certainly understand that the Treasury borrowing remains an obligation of the banking industry; and finally
- 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.

Thank you the opportunity to comment on the interim rule.

Sincerely,



Harvey Huber
President/CEO

cc Senator Byron L. Dorgan; Senator Kent Conrad; Congressman Earl Pomeroy; Mr. Lorren Henke, President/CEO, Security State Bank of Wishek, ND; Mr. Robert Wishek, President/CEO, McIntosh County Bank, Ashley, ND; Mr. Chuck Stroup, President/CEO, Union State Bank, Hazen, ND; Mr. Ed Yingling, President, American Bankers Association; Mr. Jim Chessen, Chief Economist, American Bankers Association; Mr. Rick Clayburgh, President/CEO, North Dakota Bankers Association.