FB&T

FARMERS BANK & TRUST

March 5, 2009

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Interim Rule on Assessments (as modified March 5th)

Dear Secretary Feldman,

It is with urgency that I write you in connection with the FDIC's interim rule, recently modified, that proposes to impose a special assessment of 10 basis points in the second quarter provided Congress expands the FDIC's line of credit with the U.S. Treasury to $100 Billion Dollars. This move, from $30 Billion Dollars, would be in lock-step with the deposit growth our Industry has experienced since the last credit line increase in 1991. We fully support the FDIC's view that we need a strong, financial secure fund in order to maintain the confidence depositors have in the system. However, how this is achieved will have major implications on my bank and community.

The special assessment, even at 10 basis points, is a significant and unexpected cost to my bank that will unfavorably impact 2009 earnings, and our earnings retention plans. We are already dealing with a deepening recession, accounting rules that overstate economic losses and unfairly reduce capital, regulatory pressures, and a significant increase in regular quarterly FDIC premiums. Each of these is a big challenge on its own – but collectively, they are catastrophic to our industry. Our industry is fully committed to rebuilding the deposit insurance fund, but please bear in mind such was accumulated by bank contributions over time. As such, we encourage the FDIC to seek alternate ways to fund the shortfall so this burden can be spread more evenly over time.

Banks like mine that never made a sub-prime loan and have served our communities in a responsible way for generations are being unfairly penalized. The special assessment is completely at odds with my bank's efforts to help my community rebuild from this economic downturn. The extra cost serves as a disincentive to raise new deposits, and, of course, maintaining fewer deposits will hinder our ability to lend. Another result of the reduction in bank earnings is that we will have a reduced pace in augmenting equity capital.

We urge you to work with the American Bankers Association in making further modifications to prevent us, and numerous healthy banks like ours, from being forced to offset the special assessment with a like amount in expense reduction. Such expense

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reductions would restrict our ability to sponsor community activities and make sizable charitable donations. Given the economic implications of numerous other local

businesses and families, our community desperately needs our continued financial support. The implications of this FDIC charge will impact our community, and it is patently unfair and harmful to burden a healthy bank like mine that is best positioned to aid businesses, families, and charities as the economy recovers. Given the impact that the proposed assessment will have on my bank and my community, I strongly urge you to consider further alternatives that would reduce our burden and provide the FDIC the funding its needs in the short and long-term, such as:

-Reduce the special assessment from 10 basis points or amortize the cost of such over a specified period. The FDIC should spread out the recapitalization of the fund over a longer timeframe as well;

-Use the FDIC's borrowing authority with Treasury if the fund needs resources in the short-term. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a period of time; and

-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.

Making these modifications will ensure that the fund remains secure and will allow my bank to continue to support the credit, civic, and charitable needs in our community. I urge you to make sure these suggestions are considered by the FDIC Board prior to their meeting in April to finalize the special assessment rule.

Sincerely,

Craig Mobley

Craig Mobley
Senior Vice President