From: Susan A Austin [mailto:bankr736@nycap.rr.com]
Sent: Monday, March 16, 2009 10:35 AM
To: Comments
Subject: Assessments, RIN 3064-AD35

Susan A Austin
Scotia, NY

March 16, 2009

Comments to FDIC

Dear Comments to FDIC:

I am a voter in your district and a community banker.

I have been keeping up with the recent information regarding the FDIC Board's proposal to impose a special assessment on all insured institutions as of June 30, 2009. I wonder if they realize the impact this will have on ALL bank customers and the banks that serve those customers, many of whom are also voters in your district. Whether the special assessment is 10 or 20 basis points it really soesn't matter. This assessment, when combined with our bank's regular 2009 assessment, will make the bank's tighten up on money to lend (with higher rates) and lower the deposit interest rates even more as the community banks try to maintain a proper capital ratio.

This is just not fail. We, as a bank, did not involve ourselves in the risky practices that led to the economic crisis yet we are going to end up paying for it. The community banking industry is the bright spot in this current economic storm.

The vast majority of community banks are well-capitalized, common-sense lenders that want to help in the economic recovery process in cities and towns throughout America. The adverse effect of this special assessment will only hinder our ability to do so by reducing our ability to lend.

I strongly urge the FDIC:

* To explore all alternatives for funding the Deposit Insurance Fund in lieu of the special assessment including using its existing authority to borrow from the Treasury, issuing debt instruments to the public, or using its authority to borrow from the banking industry. The DIF would still be industry-funded if the FDIC used its borrowing authority, but the industry would be able to pay the cost of recapitalizing the DIF over time.

I really feel you at going at this the wrong way - why not try the following:

* The special assessment and all future assessments should be based on total assets (minus tangible capital) of an insured institution, not its

total domestic deposits, so that banks that caused the problems pay a bigger share. Those that did participate in practices that helped cause this crisis should pay a flat out PENALTY in addition to their assessment which should be figured as follows -since large banks hold a proportionately larger share of total banking assets, large banks should shoulder more of their fair share of the special assessment. The amount of assets that a bank holds is a more accurate gauge of an institution's risk to the DIF than the amount of its deposits. A bank doesn't fail because of its deposits, it fails due to bad asset quality, and all forms of liabilities, not just deposits, fund a bank's assets.

* The FDIC should initiate and support a change in the accounting rules to allow banks the opportunity to amortize the special assessment over a period of years. If the banks could amortize the special assessment over several years, for instance, this would significantly reduce its impact.

By the way - we are still paying for the last round of bail outs - we didn't cause them to happen either. When are you going to start making the people who CAUSED the problem PAY FOR THEIR OWN BAD DECISIONS.

* The FDIC and Congress should support a systemic-risk premium for the large, "systemically important" banks. This premium should be large enough to pay for the substantial risk of insuring these "too-big-to fail" institutions.

Please urge FDIC to explore all alternatives for funding the DIF in lieu of the special assessment. The community banks in this country did not cause this crisis but yet they will pay a hefty price if this special assessment is imposed.

Sincerely,

Susan A. Austin