From: Amanda Ulishney [mailto:amanda.ulishney@townebank.net]
Sent: Monday, March 16, 2009 11:08 AM
To: Comments
Subject: FDIC Special Assessment

Amanda Ulishney
Officer
TowneBank
5216 Monticello Ave
Williamsburg, VA 23188-8212

March 16, 2009

Robert Feldman
FDIC Executive Secretary
550 17th Street, NW
Washington, DC 20420

Dear Robert Feldman:

March 13, 2009
o perform, and a significant increase in regular quarterly FDIC premiums.

Each of these is a big challenge on its own - but collectively, they are a nightmare.

The special assessment is completely at odds with my bank's efforts to help my community rebuild from this economic downturn. 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.

Moreover, it would be in complete conflict with our efforts to continue, if not increase, lending during these most difficult economic times.

We will also be forced to look at ways to lower the cost of other expenses, which may limit our ability to sponsor community activities or make charitable donations - something that we have done year after year.

The implications for this significant FDIC charge will impact every corner of my community. It is patently unfair and harmful to burden a healthy bank like mine that is best positioned to help the economy recover.

Given the impact that the proposed assessment will have on my bank and my community, I strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding its needs in the short term.

I urge you to consider these possibilities as alternative to the 20 basis point assessment:

1. Continue your effort to gain Congressional approval to increase the FDIC's line of credit for losses from $30 billion to $100 billion. I appreciate the FDIC's assertion that accomplishing this objective could reduce the special assessment to 10 basis points.
2. Understanding that the banking industry remains fully responsible for restoring the DIF to a 1.15 ratio over time, please consider using the line of credit - once the increase has been approved - in lieu of a special assessment.
3. Please consider reducing the special assessment or spreading it out over a longer period of time. For example, the FDIC might consider a special assessment that is 50% lower payable on September 30, 2009, with the remainder payable on March 31, 2010 if it is still deemed necessary.
4. Consider using fees collected from the Temporary Liquidity Guarantee Programs to add reserves to the DIF.
5. Consider extending the period to restore the DIF to a ratio of 1.15 from seven years to ten years.
6. I would ask the FDIC to fully explore the possibility of using debt instruments instead of a special assessment. The FICO bonds issued nearly twenty years ago to address the savings and loan crisis might be one example to consider.

Given the need to keep as much of my bank's earnings invested in the communities we serve, I urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule.

Sincerely,

Amanda Ulishney
757 564 4708
Officer
TowneBank