



# FIRST FARMERS STATE BANK

Employee Owned. Customer Focused.

March 12, 2009

Robert E. Feldman, Executive Secretary  
Attention: Comments, Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

Re: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

As CEO of First Farmers State Bank, I am writing on behalf of the staff and board to strongly urge you to support community banks' position of opposing the most recent proposed FDIC 20-Basis Point Special Assessment.

Community banks, such as ours, are the backbone of many communities. Our bank has been around since 1875 and has weathered the Depression and other difficult economic times. It hasn't been easy to stick with prudent business decisions and lending practices, while other financial entities were gaining market share by taking unprecedented risks.

Since we didn't participate in these risky lending practices, it seems unfair that we could be penalized by having to pay this onerous special assessment on top of regular assessments that are more than double those of last year.

Community banks such as ours are bright spots in this current economic storm. We are well-capitalized, common-sense lenders that want to help in the economic recovery process. This special assessment will only hinder our ability to do so.

We encourage you to support the following to ensure that the playing field is leveled between large banks and community banks:

1. Broaden the assessment base to include total assets (minus tangible capital). Since large banks hold a proportionately larger share of total banking assets than total domestic deposits, large banks would shoulder more of their fair share of the special assessment if the assessment base was broadened to include total assets.
2. 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 institutions.
3. Change the accounting rules to allow banks the opportunity to amortize the special assessment over a period of years.
4. There are many alternatives to funding the Deposit Insurance Fund in lieu of imposing a 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. All of these alternatives should be thoroughly examined with community bank input.

This assessment will further exacerbate the economic downturn. We are still bailing out the savings and loans from years ago with higher assessments. We cannot shoulder this additional burden.

Sincerely,

Brian Schroeder  
President & CEO

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