From: Derek.Williams@FirstPeoplesBank.com [mailto:derek.williams@firstpeoplesbank.com]
Sent: Monday, March 16, 2009 2:41 PM
To: Comments
Subject: Assessments, RIN 3064-AD35

Dear Sir or Madam:

I am writing as community bank President and a strong opponent of the proposed 20-basis point special FDIC assessment. While I understand and appreciate Chairman Bair's comments and position regarding this assessment, there is little question that in the end it constitutes forcing those who did right to pay for the sins of those who did wrong. As an $80 million community in a rural West Georgia county, a $120,000 charge (the amount of the full assessment) is a huge hit to take. This kind of decrease in earnings will have an obviously negative impact on our capital growth and ability to increase our lending. Further, it will require further belt-tightening and a decrease in the money we spend in support of our community and its ability to rebound in this economy. This problem is made worse by the fact the proposed assessment comes on the heels of already doubling levels of FDIC premiums over last year. In as simple a way as I know how, following are my problems with this proposed special assessment:

- Community banks are being unfairly penalized – I have heard and understand the arguments. I cannot, however, get past the fact that community banks didn't cause this problem but are being forced to pay for it. Community banks can be the leaders in getting the economic recovery process started in our communities. This special assessment will only hinder our ability to do that.
- The basis of the special assessment, if it must happen, should be total assets (minus tangible capital), not the proposed domestic deposits – This will force the bigger banks who got us into this mess to p ay at least closer to their proportional share of the costs. As assessment of $0.12 on the new basis would generate roughly the same revenue as the proposed basis.
- All banks should be allowed to amortize this one-time expense over more than the current year – The insurance fund will not be brought to required levels overnight. A minimum if three years should be considered to amortize this cost.
- In addition to the overhaul of this assessment, I strongly support a "systematic risk" premium for the large "systematically important" banks – There are additional costs associated with the regulation of these banks. They should pay for that proportionate cost.
- Large banks have access to billions of dollars of taxpayer money in the form of the TARP – They will use this taxpayer money to pay their share of this special assessment caused by their actions. Enough said.
- There should be additional research at the FDIC about possible alternatives to an across the board special assessment – There is the possibility of additional Treasury borrowing, debt instruments, or even direct borrowing from the banking industry. All these alternatives should be thoroughly examined with community bank input.

I understand there is a possibility the assessment will be decreased to 10-basis points. My argument is still the same. As Cam Fine, ICBA President and CEO has so eloquently said, "Main Street community banks did not trigger the current economic crisis and should not have to shoulder a disproportionate assessment burden for those that did."

Sincerely,

Derek B. Williams
President and CEO
First Peoples Bank
Pine Mountain, GA