North Texas
BANK, N.A.

661 W. Thompson
PO Box 1238
Decatur, TX 76234

Phone: 940.627.8767
Fax: 940.627.6886
Website: www.northtxbank.com

March 16, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments FDIC
550 17th Street NW
Washington, DC 20429

Re: Assessments, RIN 3064-AD35

Dear Mr. Feldman;

I am writing this letter to express my deep concern and outrage about the recent Interim Rule (RIN 3064-AD35) issued by the FDIC and the severe negative impact to my financial institution. Clearly this course of action by the FDIC is a slap in the face of most community banks across this great nation. It will severely and negatively affect our earnings for 2009, thereby impairing our capital and our ability to meet the credit needs our local community.

The FDIC more than doubled our normal assessment premiums from 2008. The additional assessment due to the Temporary Liquidity Guarantee Program (TLGP) insuring unlimited non interest bearing deposits will add an additional $20,000 to $30,000 in assessment fees. Now we will be assessed, at minimum, $144,000 based on a 20bp special assessment. **Combined, our expected FDIC assessment will increase from $37,000 to over $240,000 for 2009**! This does not include any additional 10bp assessment for third or fourth quarter, which is highly expected to occur. The FDIC incorrectly calculates a decrease in earnings of 10%-13%. **For North Texas Bank, that decrease will be 39%.** I expect if you segment the community banks of America, this anticipated decrease in earnings will be far greater than the FDIC projection of 10%-13%.

Community banks did not create this financial catastrophe that has unfolded from the bosom of Wall Street. The majority of community banks have remained conservative and taken local deposits and loaned that money back into the heart and soul of local business and consumers within the communities these banks serve. We know our customers and loan money in a prudent and conservative manner. Unfortunately, community banks like North Texas Bank are now being burdened and stymied in supporting our mission to support our local communities because of the unchecked and excessive greed that consumed the "too big to fail" banks of Wall Street. We now must pay for the sins of our large, greedy and uncaring brethren.

While Chairman Bair, as well as most bankers, agrees taxpayers should not shoulder the cost of replenishing the Deposit Insurance Fund, these are unprecedented times. **The government has not allowed Citibank and AIG (both of whom now have gone to the public taxpayer trough three times for a total of $230 billion dollars) to fail due to the systemic risk involved that such a failure would cause. What do you consider the depletion of the DIF and ultimately public confidence in the security of their deposits to be?** I consider that option to be a greater systemic risk to the financial industry and the country as a whole than the failure of any one institution. Given that fact, and the fact the government has invested taxpayer dollars into those and a great many more financial companies, how do you not argue the FDIC should be able to utilize public funds to overcome this unprecedented challenge? I think if you polled taxpayers with the option to invest in Citibank or provide insurance on their deposits, they would overwhelmingly ask you to provide insurance on their deposits NOT prop up Citibank.

I agree banks should provide some level of funding to replenish the DIF. However, to assess such a large and debilitating premium in a time of crisis is foolish and self defeating. At a minimum, banks should be able to amortize the special assessment (at their discretion) over a period of seven years to mirror the timeframe now required to restore the reserve ratio to 1.15%. Additionally, the special assessment should be assessed on total assets (minus tangible capital) rather than insured deposits. This would reduce the disproportionate burden on community banks, which are much more dependent upon core deposits than the money center banks. In the alternative, I would encourage a systemic risk premium to be imposed on the "too big to fail" institutions.

Most of the large banks have or will receive capital support from the TARP program and can use those funds to pay for the increased assessments. The majority of community banks, whose earning capacity has been significantly impaired in this economic climate, will have to pay for these increased assessments through normal earnings. This will further restrict the ability of community banks to provide credit to the local markets we serve, thereby prolonging this recession to unforeseen end. Once again, this is another example of the large banks exploiting and avoiding the financial impact that community banks must endure due to the consequences of the large money center banks' actions for the past several years.

I am lost as to Chairman Bair's comment that the line of credit established by Treasury is "available to cover unforeseen losses, not as a source of financing projected losses." What does this mean? The line, with passing of proposed legislation to increase it to $100B permanently and $500B temporarily, should be utilized to replenish the DIF immediately and restore and shore up confidence in the safety of deposits in all federally insured financial institutions in America. The repayment of this line can be funded from financial institutions, but in an orderly and prolonged period, not in a year of depressed earnings and financial hardships.

The FDIC itself cannot accurately project the ultimate funds necessary to protect deposits in this country. Three short months ago, the FDIC projected losses from 2009 to 2013 at $40B. Now those losses are projected at $80B. This means further and increased special assessments are not just a possibility but a certainty. Local community banks cannot be expected to pay for the misdeeds of Wall Street and ultimately survive. Special assessments to get us through this crisis will not suffice. It will require other funding sources in addition to special accounting treatment for those banks paying these special assessments.

I strongly encourage you to review your recent actions and take into consideration the plight of the 4,567 community banks (less than $165M in assets) across this country. That number represents over 50% of financial institutions in this country, most if not all of which did not create the disastrous financial situation that now confronts us all. Without an immediate change in your proposed assessment structure, the FDIC will contribute to the potential failure of community banks across this country and further prolong any chance of climbing out of the abyss we are now in.

I would appreciate your support for the specific actions:

1) Support legislation to increase FDIC's borrowing authority from Treasury from $30 billion to $100 billion. This approval should not be contingent on the passing of currently proposed mortgage foreclosure "cram down" language and in fact should remain an independent issue.
2) Base any special assessment on total assets minus tangible capital not insured deposits as proposed.
3) Allow more favorable amortization treatment of any special assessment to allow banks to recognize this unanticipated expense for up to seven years (if they so choose).
4) Utilize a combination of public taxpayer funds and special assessments to replenish the DIF.
5) Impose a system risk premium to be imposed on the "too big to fail" institutions, many of whom created this national crisis and therefore should pay for it.
6) Continue to support the mission of and stability of community banks across the country and not penalize the same for the disastrous, greedy and foolish acts of the "too big to fail" money center banks.

It is with great urgency and respect that I ask you to reconsider the plan set forth in RIN: 3064-AD35. Please take immediate action on these matters. I thank you in advance for your time and attention to this critical matter facing North Texas Bank and every other community bank in this nation.

Sincerely,

J. Andrew Rottner
President