From: Brittany Hillhouse [mailto:brittany.hillhouse@yahoo.com]
Sent: Friday, March 20, 2009 4:54 PM
To: Comments
Subject: Assessments, RIN 3064-AD35

Brittany Hillhouse
26 Jones Road
Sebree, KY 42455-9726

March 20, 2009

Comments to FDIC

Dear Comments to FDIC:

March 20, 2009

FDIC/Comments
Attn: Robert Feldman
Executive Secretary
550 17th Street NW
Washington, DC 20429

FDIC Chairman Sheila C. Bair and FDIC's Board of Directors:

We received your letter dated March 2, 2009 concerning the changes in the assessment rate schedule as well as the special assessment. I understand the FDIC's position on the assessments, and I completely agree that the deposit insurance guarantee is critical in maintaining the primary source of bank funding. However, I find it very disappointing that the FDIC would choose to levy such assessments across the board with little regard for the pressure of such an assessment on local community banking.

As a community bank with roughly $200 million in assets, we have adopted sound management practices, avoided sub-prime lending, and have chosen to avoid investments with elevated risks. After lengthy deliberation, we chose not to accept TARP funding. We have adopted a position that suggests that "doing the right thing", while it may hurt in the short-run, will eventually pay long-term dividends in the market we serve. In short, we have operated prudently as a well-run bank should; therefore, we have prospered and our shareholders have prospered.

We, much like many well-run community banks, are doing well despite the economy. To now suggest that our bank, and likewise our shareholders, should pay for the errors of Wall Street Banks simply does not pass the fairness test.

Our Total FDIC assessment for 2009, taking into consideration the increase in the regular assessment and addition of the special assessment, will reach 28% of projected net income. In 2008 our assessment was only 4% of net income. This increase will have a serious effect on every aspect of our bank from lending, to charitable giving, to adequate capital levels.

Therefore 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.

If the FDIC proceeds with imposing this special assessment, I urge 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. 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 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.

* 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.

Again, I 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,

Brittany Hillhouse
270-639-7364