NORTH DAKOTA BANKERS ASSOCIATION

March 23, 2009

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429 Via Electronic Delivery

RE: FIN 3064-AD35
Proposed FDIC Special Assessment under 12 CFR Part 327

Dear Mr. Feldman:

The North Dakota Bankers Association ("NDBA") appreciates this opportunity to comment on the special assessment which has been proposed as part of the plan to rebuild and restore the deposit insurance fund "("DIF") balance to its statutory level. NDBA is a North Dakota bank trade association. NDBA members include national banks, state chartered banks, and federal savings banks. NDBA members operate more than 300 branch offices in North Dakota's largest and smallest communities. Our members are committed to meeting the financial needs of North Dakota's citizens and businesses. NDBA and its member banks also support a strong and flexible bank funded deposit insurance system and recognize the role of deposit insurance in maintaining public confidence in our banks. That being said, however, **we must oppose the precipitous 20 basis point special assessment as potentially injurious to our banks, our communities, and North Dakotan citizens.**

The proposed 20 basis point special assessment has left North Dakota banks astounded, dispirited, frustrated, and crying "unfair". North Dakota banks did not participate in or profit from subprime mortgages. No North Dakota bank has failed for many years, so none has contributed to the DIF losses and drawdown that FDIC now seeks to recover through the special assessment. Healthy North Dakota banks have described to us how their newly increased annual and proposed special deposit insurance assessments will consume substantial amounts of their 2008 earnings and will have an extremely negative impact on their earnings outlook for 2009. One member, a healthy and growing institution, reported that with the new assessment rates, proposed special assessment, utilization of credits and strong growth, its cost for FDIC insurance could grow from $7,000 in 2008 to as much as $180,000 in 2009. With this type of extreme impact, North Dakota banks now are budgeting for business cutbacks, and are considering shrinking deposits or limiting deposit growth, restricting lending, and reducing their charitable contributions and community activities.

In North Dakota as elsewhere, banks really do fuel their local communities' economic growth and development. Every additional dollar a North Dakota bank pays for deposit insurance is a dollar that is not available to lend in North Dakota, not available to build bank capital, and, not available to support communities. These harmful aspects of the special assessment should be kept at the forefront of the FDIC Board's consideration of the special assessment.

We are also concerned about the deleterious impact on those banks that are experiencing difficulty as a result of the economic downturn. We urge the FDIC Board to make every effort to ensure that the liquidity, capital and earnings impacts of a special assessment do not effectively turn troubled banks into problem banks or worse yet, failing banks.

Even as we accept the premise that banks must support and restore the DIF, we urge the FDIC board to acknowledge the problems with the proposed special assessment and to take every reasonable action to consider alternative funding options to reduce the adverse impacts of projected DIF shortfalls on banks, and further spread out collection of the assessment. For example:

- Extend the period of time for restoring the DIF balance from 7 years to not less than 10 years;

- Establish a maximum amount for any critical special assessment, but collect the special assessment over more than one quarter so that banks can better plan for the payment(s);

- Pursue options for funding projected near-term DIF cash flow requirements by means other than or in addition to a one- time special assessment of banks, including, for example, exercising the authority to borrow from the U.S. Treasury and including in the DIF the several billion dollars of revenues that FDIC has collected and will collect from the Temporary Liquidity Guarantee Program;

- Investigate borrowing funds from the industry in a form that FDIC could convert to capital as DIF short-falls actually occur and that banks could recognize as an expense as short-falls occur over time;

- Re-evaluate projected receivership losses to the fullest extent possible under soon to be revised accounting rules, and,

- Analyze all FDIC operations and receiverships to eliminate every unnecessary expenditure, to ensure that the FDIC is actually obtaining the highest possible recovery value for receivership assets, and implementing the least cost resolution for each and every receivership.

Adopting these changes to the DIF funding plan DIF will create a foundation for a sound, secure and adequate DIF and will go a long way toward reassuring North Dakota banks that the FDIC Board acknowledges and respects that they, too, serve a critical role for the economic recovery and have critical needs for capital that must be respected in order for them to meet community and customer needs into the future.

Sincerely yours,

NORTH DAKOTA BANKERS ASSOCIATION

Rick Clayburgh Marilyn Foss

Rick Clayburgh
President and CEO

Marilyn Foss
General Counsel