



NCBANKERS

NORTH CAROLINA BANKERS ASSOCIATION

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March 24, 2009

DELIVERED VIA E-MAIL

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
comments@fdic.gov

Re: Emergency Special Assessments; RIN 3064-AD35

Dear Mr. Feldman:

On behalf of the North Carolina Bankers Association (NCBA), I appreciate this opportunity to comment on the FDIC's proposal to impose a 20 basis point emergency special assessment upon insured depository institutions. The NCBA is a trade association established in 1897 that serves all 138 banks and savings institutions that are headquartered or have branches in North Carolina. The membership also includes a number of trust companies and hundreds of businesses that work closely with the banking industry.

Let me begin by saying that the NCBA recognizes the need to have a strong, financially secure Deposit Insurance Fund in order to maintain the confidence of depositors. We also recognize that deteriorations in economic conditions have put pressure upon the Fund and there is a need to take steps to recapitalize it. Where we strongly disagree with the proposed interim rule is on the manner in which assessments should occur. The proposed assessment of 20 basis points is substantial and it will place significant pressures upon all financial institutions, but particularly those in areas of the country that have been most affected by the recession. Bank earnings will be severely reduced, making it difficult to build capital during a period in which capital is critically needed. Institutions will also have a disincentive to raise new deposits, which will affect their capacity to lend.

Rather than impose assessments in the manner described in the interim rule, the NCBA asks that the FDIC continue to pursue all available alternatives, including spreading the recapitalization over a longer timescale, issuing bonds similar to those once used by the old Financing Corporation (FICO) to recapitalize the thrift fund, and allowing for equity investments by banks through preferred stock investments that would recapitalize the agency while also being treated as assets on banks' balance sheets. We are also mindful that legislation currently pending in Congress to increase the FDIC's borrowing authority could result in a reduction of the

emergency special assessment from 20 basis points to 10 basis points, and we are aware that transfers from the Temporary Liquidity Guarantee Program to the Deposit Insurance Fund could further reduce the need for an emergency special assessment. The NCBA asks that the FDIC take all of these factors into consideration when deciding on the approach that should be taken with respect to assessments.

Thank you for your consideration of these comments. If you have any questions, then please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Thad Woodard".

Thad Woodard
President & CEO