March 10, 2009

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

Dear Mr. Feldman:

Has the FDIC gone insane?

The proposed assessments cannot be true! A 20 basis point special assessment due on September 29, 2009 and an optional additional 10 basis point assessment whenever they deem it necessary? This is on top of huge increases required because of the DIF shortfall. The 8,000 Community banks of this country helped bail out the Savings and Loans in the 1980's and are now expected to bail out the incompetence of the FDIC on maintaining Safety and Soundness in the too big to fail banks. All Community banks knew there was trouble brewing in the 90's and 00's. Derivatives and subprime loans, come on! It doesn't take a rocket scientist to figure this out!

The Community banks screamed for the passage of legislation to stop the large commercial banks from becoming too big to fail back when Continental collapsed in the 80's. But No!! The Federal Reserve and FDIC would hear nothing of it. We told you that lending 100% of Market Value of Real Estate was going to come back to haunt you, but no one would listen. We told you derivatives were untested, unproven, illiquid and were not a bankable asset! Now you want us to bail you out?

Before you can come to the Community banks with your hands out, you need to assess other industries, such as:

A. <u>Realtors</u> – They helped create this "house of cards", they got their commission – put a tax or fee on all Real Estate closings and/or Real Estate commissions. 1% or 2% fee paid directly to the BIF.

B. <u>Appraisers</u> – They facilitated the fraud – make them pay. A $100.00 per appraisal fee, paid directly to the BIF.

C. Borrowers that are in default – They need to have an income tax on the amount that was charged off or forgiven. That is tax free income to those people!! The government needs their tax dollars!!

D. How about the non-bank mortgage broker? The root of the problem!! No regulation, complete outlaw lending without any of the responsibility? A 1% or 2% fee at closing would be appropriate!! Paid directly to the BIF.

E. Just like the Community banks, the Farm Credit Services did not create this mess but make sure you include them in the fun. They should pay a much larger portion because they have access to quasi treasury rate bonds, thereby giving them a huge advantage in their cost of funds. Small Community banks are battling the larger banks for deposits at rates much greater than Farm Credit pays for their bonds in the open market! Farm Credit also doesn't pay their fair share of Federal income taxes. Don't forget them! I think a 2% surcharge to their debt obligation would work well!! Paid directly to the BIF.

The final straw to this whole mess is, in addition to Community banks paying much larger FDIC Insurance premiums they will also be required to comply with a Tsunami of new regulations on top of the already massive amount of regulations that we currently have.

Does anyone realize the cost of regulation? Not just the cost from the additional man power necessary to ensure compliance but from the ever increasing decisions of bank management **not** to lend in highly regulated areas such as Consumer Real Estate. This is the real cost, bank management not lending due to the "headache" that comes from massive regulation.

If you can't tell by now, we are mad and are not going to stand for this. We didn't start this fight! I would like to request that, if this proposed assessment is not rescinded, all Community banks in the United States stop lending for two (2) weeks. All Real Estate, consumer and commercial loans halted without notice to the American people. All banks who do not comply with the shut-down will be picketed by the complying banks.

We are furious!!

James J Fiebiger
President

JJF/td