

**From:** John Huiskamp [mailto:john@choosethechief.com]  
**Sent:** Tuesday, March 10, 2009 5:22 PM  
**To:** Comments  
**Subject:** Assessments, RIN 3064-AD35

March 10, 2009

RE: Assessments, RIN 3064-AD35

I would ask that you reconsider the one time special assessment fee of twenty basis points on all FDIC insured banks. I know the FDIC has said they would consider cutting the special assessment to ten basis points if Congress increases the FDIC's line of credit with the Treasury. Please continue to ask Congress and the Obama Administration to make these changes to ease the burden on all banks, especially on smaller community banks that did not create the problem.

We are a locally owned \$800 million community bank in Milan, IL. This special assessment would be an extra \$1,300,000 expense to our bank this year. This is on top of the FDIC assessments that were increased in the first quarter of 2009 and are increasing again in the second quarter of 2009. What will this mean for a bank like ours? It will lead to a drastic decrease in lending for our bank and for our community. At a 10% risk based capital level, that \$1,300,000 special assessment could be used to make at least \$13,000,000 in loans at our bank. Our goal this year was to grow our loan portfolio by \$16,000,000 in net new loans. If we are starved of this capital by the FDIC, we may be forced to stop our lending expansion for the balance of the year. In a recession, this does not seem like a very sound policy. In fact, it seems directly at odds with what Congress and the White House are trying to do to get credit markets unfrozen, get loans to small businesses, and get the economy moving again.

There has been much talk recently about the government supporting "systemically important" financial institutions. I know this term does not apply to my bank and thousands of other community banks that did not create these problems. I know that Chairwoman Bair's letter said that you do not have the authority to assess just the "systemically important" institutions. We urge you to ask Congress for this authority. Moreover, we would ask that the base for the special assessments be for total assets (both foreign and domestic) rather than just for domestic deposits. To whatever extent possible, we ask you to take into account the extraordinary assistance provided to "systemically important" institutions both for this and any future special assessments.

We would also request the FDIC explore alternatives to funding the DIF rather than large special assessments. This could be from expanding the time required to capitalize the fund; to borrowing from the Treasury or from the banking industry; or issuing debt instruments to the public. I recognize that the banking industry will ultimately bear these costs. However, these problems were not created in a day and we should not try to "solve" the DIF shortfall in a day through crippling special assessments.

Very truly yours

John R. Huiskamp  
Vice President  
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