From: Troy Robinson [mailto:TRobinson@banktexas.org]
Sent: Tuesday, March 10, 2009 3:27 PM
To: Comments
Cc: sscurlock@ibat.org
Subject: Assessments, RIN 3064-AD35

Dear M(s) Bair,

In your letter to Bank CEO's of March 2, 2009, you begin by stating that "difficult decisions" were made to ensure the nation's deposit insurance system remains sound. I agree that the fund is weakened by the recent failure of many banks. However, I do not agree that you and the board must now impose a staggering burden on profitable banks and a potentially fatal blow to banks that are struggling.

Our bank is over 100 years old so has been a FDIC member since 1934 when the insurance fund was created. In our history, we have taken a conservative approach to our business, helping the community grow and mitigating risks for shareholders and depositors alike. We have occasionally made errors in judgment but have always had to "pay the piper" when we did. Now, when the big banks and Wall Street have acted irresponsibly, the FDIC is asking us to come to their aid. The "systemically important" banks are being supported by our government like never before – and they are the ones who have largely caused the problems that have brought the economy to the crisis we are now experiencing.

Banks such as ours are continually burdened by regulations. Two years ago, we estimated that our small bank spends over $200,000 annually complying with the various regulations. However, it seems the regulators failed to properly supervise the largest institutions or turned a blind eye. I cannot imagine the wrath of our examiners we would experience if our bank had even attempted to offer such exotic products as the large banks did.

This assessment, if implemented, will reduce our 2009 earnings approximately 16%. While our Bank is currently profitable and expects to remain so, such an assessment at this time will cause our Bank's capital level to decline, causing us to curtail lending. By all accounts, the majority of community banks are well capitalized and continue to help in the economic recovery process in towns and cities throughout America. This assessment will only hinder our and other community bank's ability to do so. Our Bank will be forced to reduce interest rates on deposits even further to pay for the increased FDIC premiums. Our small rural community will be deprived of interest on savings and the ability for some to borrow money to grow and expand their business.

If the assessment is necessary, it should be based on total assets (minus tangible capital), not total domestic deposits. If you will consider this method, the banks that have caused these problems will pay a bigger share of the burden. Another idea would be to support a change in the accounting rules to allow banks the opportunity to amortize the assessment over a period of years.

For too long, the FDIC has treated all banks the same with respect to deposit premiums, with some minor exceptions. As the recent experience has shown, all banks are not created equal. You should support and implement a systemic-risk premium for the large "systemically important" banks. The premium should be large enough to pay for the substantial risk of insuring these institutions. As well, any special assessment should take into consideration the "systemically important" institutions so that they pay an appropriate amount based on the risks they impose on the DIF.

Finally, the FDIC should explore more alternatives for funding in lieu of the special assessment. Currently, the FDIC has authority to borrow from the Treasury. You should explore this and other alternatives with **community banking industry input.**

Sincerely,

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