Dear Sir/Madam,

I am a Senior Credit Analyst at Texas First Bank. I underwrite most of the large loans in my bank. I work very hard to make sure my bank produce quality loans.
I am very disappointed in the way that FDIC is going to assess special fees to community banks. The fundamental flaws are:

(1) The financial crisis began with liquidity shortage but FDIC is now penalizing banks with better liquidity to foster community development by assessing fees based on domestic deposit. When big banks are all freezing up their lending, community bank is the only bright spot and the most vibrant sector quenching the thirst of our businesses for working capital needs. What FDIC is doing is to no different from another hanging rope on our nation's neck - to kill the last breath

(2) FDIC insurance is to prevent bank failure. Anyone with a little statistical background should easily figure out that bank failure is positively correlated with the size of problem assets and negatively correlated with size of domestic deposit. The larger the problem assets, the smaller of deposit the more vulnerable for banks to withstand losses. Banks like my bank have very few problem loan and good deposits. The likelihood of failure is almost Zero. This common sense doesn't need a bunch of PhDs to understand. I do believe FDIC has brilliant minds that can correct this simple logit model as long as there is no special interest group involved. Insurance fees should be measured more heavily on the likelihood of bank failure. Apparently, large banks with more risky portfolios should pay higher premiums.

(3) Irresponsible lending of large banks cause system risk to our nation's financial stability, while small community banks can hardly trigger a ripple in the entire market. While monopolizing the financial profit, bigger banks should bear higher moral responsibility - Systemic Risk Premium. I observed a very abnormal phenomenon that the Wall Street and big bank CEOs made all these mess but American tax payers clean their butt. Moreover they continue to take billions of bonus when they are receiving bail out fund. The entire system from top down seems encouraging speculation, greed and irresponsibility. The higher position, the more important role one plays in the society, the less moral restraint on you. Isn't that ridiculous?

To be honest, It is really a bad day for me to hear FDIC's decision on assessing these fees to community banks. Not only does it make no sense to me, but also It seems that all the years of my hard work underwriting quality loans, and my fellow loan officers' practice of responsible lending, a principle we've been holding onto, and approved to be correct by this crisis, turn out to be a punishment from FDIC. And my petty annual bonus is probably gone due to a reduced bottom line.

The good are punished and the bad are rewarded. Should I learn from those wall street guys to abandon my principles of responsible lending and join this party of greedy speculation?
Please advise me. Thanks.

My comment may look too candid and lack of "political correctness" to some people. But my intention is good - to help fix the problem and make our banking system healthier

I appreciate your time reading my letter.

Yan
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