From: Brian Sprunger [mailto:bsprunger@garrettstatebank.com]
Sent: Tuesday, March 10, 2009 11:39 AM
To: Comments
Cc: senator_lugar@lugar.senate.gov; souder@mail.house.gov
Subject: Special FDIC Assessment

Honorable Sheila Bair, Chairman FDIC
Honorable Richard Lugar, Senator
Honorable Mark Souder, Representative

Regarding the Special Assessment being charged against all bank;

We strongly believe the special assessment should be based on total assets (minus tangible capital), not total domestic deposits, so that banks that caused the problems pay a bigger share. Simply reviewing the list of banks via the FDIC website that displays total deposits and total assets, it is obvious that the larger, "systemically important" banks, fund their assets less with deposits then with other sources. By applying this special assessment against deposits, the smaller, safer institutions appear to be carrying a larger percent of the burden for repopulating the DIF.

A systemic-risk premium for the large bank should be included in the assessment. We understand the guidelines for the FDIC call for unbiased premium determination, however the special assessment appears to be one that the Board has some latitude to determine how the fees will be assessed. As many of our counterparts (smaller community banks) have expressed already, our sources for funds are not as available as many of the larger institutions that have already absorbed huge quantities of TARP funding, which they can use to pay for this assessment. For those of us that depend on local funding and earnings, this assessment will have a significant impact on monies available for lending into the local community (after the leverage effect). Failing large banks will have access to TARP money to pay for the premium which most of us do not. ***The community banking industry is the bright spot in this current economic storm. The vast majority of community banks are well-capitalized, common-sense lenders that have been and want to continue to help in the economic recovery process in cities and towns throughout America. This special assessment will only hinder their ability to do so.***

In the final version of the regulation it appears care is being taken to adjust the regular premiums for higher risk institutions that pose significant systemic risk to the overall system, but it looks as if these types of adjustments do not come into play on the "special assessment". As indicated above, many banks continue to operate in a safe, sound and profitable manner, yet those same institutions not only get chastised in the press as being the cause of all evils, but get penalized by regulators in recouping the DIF fund to a safe position. Please give consideration to actions that reward those institutions that have operated in a safe and sound manner to encouraging these organizations to increase lending in assisting their communities; not heaping the burden of bailout upon their shoulders which will hinder their ability to continue to support those communities.

Thank you for your consideration.

Sincerely,

Brian D. Sprunger
Senior Vice President
Garrett State Bank