SECURITY BANK
Banking for Generations.

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March 25, 2009

Ms. Sheila Bair
FDIC Chairman
Washington, DC

VIA Email

Re: Opposition to FDIC Special Assessment (RIN 3064-AD35)

Dear Chairman Bair:

I am writing to encourage you and the FDIC to not assess a special assessment against community banks. Throughout the turmoil of the last year, we have worked diligently to operate in a safe and sound manner. We are a $180 million savings bank that did not do sub-prime mortgages. We work, live and lend in this community so it is in our best interest to take care of our customers, friends and neighbors by fitting them with an appropriate mortgage. In 2008, we had three pieces of single family real estate we took back into real estate owned. One was due to the death of the owner and the family did not want to deal with the real estate and accompanying issues. The other two were deeds-in-lieu of foreclosure due to medical issues and an older person that could no longer take care of the property. As you can tell by the above, we are in the business of lending money and helping people acquire homes and operate small businesses, not making risky mortgage loans.

We employ approximately 65 full-time people and pay a substantial portion of the health insurance cost, as well as a fair wage. We froze our defined benefit pension plan because we could no longer afford it. We have been operating in this community for over 100 years. We are also a mutual savings bank, not run for or by stockholders. We are well-capitalized, but struggle to make positive earnings. Our ability to maintain the well-capitalized status depends in large part on our ability to control expenses.

As a savings bank, we have been and will continue to pay a FICO premium not paid by commercial banks. By maintaining a well-capitalized position, our FDIC insurance premiums, coupled with the credit received, were reasonable last year. As CFO, it is my duty to present a budget to the board. In calculating the FDIC premiums for 2009 using the new rate schedules and methodology, I was sickened by the effect it was going to have on our ability to grow and build a base for expanding services to this community. Our total FDIC premiums (including FICO) in 2008 were approximately $27,500. I am anticipating our premiums (without growth in deposits) will be $217,000 for 2009 WITHOUT any special assessment. Our net income for 2008 was $86,000. Please tell me how I cover this without layoffs or curtailment of services! Now FDIC wants to assess all institutions a 20 basis point special assessment. For us, that's another $300,000 that I can't cover with earnings and results in less lendable funds.

One program available to banks to assist in getting credit to the community is the TARP program. Our bank would qualify for over $4 million of funds that would count as capital, except the Treasury can't figure out how to lend us these funds since we don't have stock. Whether or not we would choose to accept these funds is a decision yet to be made. Still, it would be nice to be asked if we want any.

The community banks were not the cause of the bank failures draining the FDIC fund. The cost and responsibility for replenishing the fund should not be shouldered by the community banks that have continued to do what they were designed to do—take care of their people and businesses. We are being told to lend to credit worthy entities. Please allow us to do that by <u>not</u> assessing this special premium. We would also ask that you look at the level of premiums being assessed on an ongoing basis. We need FDIC insurance. We need a reasonable premium.

I encourage you to use the $30 billion line-of-credit with the U.S. Treasury for your immediate needs. The public is depending on FDIC remaining liquid. Without this assurance, chaos could erupt.

I have been in the savings institution business for many years. I have been through the "savings and loan debacle" of the late 1980's and was an officer at an institution taken over by the Resolution Trust Corp. I understand the need to capitalize the Fund. I also know that this premium assessment will have horrendous results for many small community banks and could very well force more failures or put more banks at risk. I really don't think this is what this country needs at this point.

Thank you for your consideration.

Sincerely,

Carol Radtke

Carol J. Radtke
Security Bank
Senior Vice President
Chief Financial Officer
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