**From:** Kevin Sebade [mailto:kevins@msbtx.com]
**Sent:** Wednesday, March 25, 2009 4:51 PM
**To:** Comments
**Subject:** Assessments, RIN 3064-AD35

The Federal Deposit Insurance Corporation
Attn: Chairman Sheila Bair

RE: Assessments

The purpose of this letter is to express my concern for the special assessment recently proposed by the FDIC. As a community banker, I strongly disagree with the proposed special assessment.

First, community bankers did not participate in the risky, speculative behavior conducted by large financial institutions and Wall Street investment firms, many of which were extremely leveraged. Yet, we are being asked to disproportionately contribute to the insurance fund via higher assessments, both in our quarterly assessment rates and the proposed special assessment. Obviously, the systemic risk to the insurance fund was not actively identified by the appropriate regulatory agencies.

Second, the increased expenses associated with the total assessment premiums for a community bank in 2009 could be over 6 times the assessment premiums paid by that bank in 2008. The assessment premiums for our institution in 2008 were approximately $50,000 while the total assessment premiums for 2009 are projected to be $300,000. This type of premium increase will have a profound negative impact on bank earnings, capital, and liquidity.

The FDIC premiums are based on a risk-based system, with the primary assumption that risky banks are charged significantly higher premiums. Currently, weaker (large) banks will not bear a significantly higher premium for fear of insolvency. This doctrine works against the fairness of the present risk-based premium structure as well as capitalism and the free market system. Any special assessment should be based on total assets (minus tangible capital), not total domestic deposits, so that banks that caused the problems pay their share.

Sincerely,
Kevin G. Sebade
Muenster State Bank