From: Anita Drentlaw [mailto:adrentlaw@newmarketbank.com]
Sent: Wednesday, March 25, 2009 2:45 PM
To: Comments
Subject: FDIC 20-cent Special Assessment

Thank you for the opportunity to comment on the recently proposed FDIC 20-cent special assessment. I am the CFO of a rather small community bank with approximately $80 million in assets. During the last 2 years we have worked hard to keep our financial position sound. This position has not been met without struggle and hard work. We are have been burdened by not having the ability to generate as many fees (in particular in the lending arena) because of the collapse of the construction/development as well as commercial real estate markets combined with a shortage of credit worthy borrowers due to high debt and loss of income. We have also experienced decline in our net interest margin due to the dramatic decrease in interest rates. All of this creates a financial struggle in itself but when compounded by increased deposit insurance fees, it feels as if we will be lucky to break even during 2009. Our regular assessment we are estimating to increase by 60% compared to last year. We anticipate this special assessment (if left at 20 basis points) costing us an additional $120,000 for the year. We are projecting that could be 100% of our earnings for 2009 which compromises our capital ratios and forces us to freeze our lending practices.

I feel this special assessment is especially disappointing since the insurance fund is mainly depleted due to the practices of some very big banks that were not prudent in the banking business. The decline in the insurance fund was not primarily due to community banks' activities and I feel we are having to pay the price to bail out those "too-big-to-fail" institutions who were not out for the good of Main Street but were out for Wall Street. The increased burdens of the proposed FDIC special assessment comes at a time when my bank and other community banks can least afford it. I feel that is a severe detriment to the communities where community banks reside since community banks are not just out for turning a profit but really want to better the community they serve. This assessment will not only prevent us and other community banks from being the nation's solution to the economic crisis but may very well position us to be another element of the crisis.

I urge you to re-consider this special assessment. There has to be another way that banks that take greater risk pay a different proportion to restore the deposit fund to the appropriate amount needed. A few suggested ideas include:

- Revise the assessment formula to bring more equity to the process by assessing those who through their size and the complexity of their business practices bring significant risk to the reserve fund today and in the future. If you are 90% of the problem, you should be 90% of the solution.
  - Recognize the unfair burden on smaller community banks and put a "cap" on the assessment for banks below a certain size.
  - Provide community banks with the opportunity to pay their fair share of any increased assessments over an extended period of time. FDIC was given an extension to restore the fund from five to seven years. Pass along that valuable time consideration to community banks.
  - Vigorously encourage Congress to tap temporary funding from the Treasury to assist with re-capitalizing the insurance fund, giving community banks time to strengthen their balance sheet and allow local lending activities to continue (and grow) to help stimulate the economy.

Please do not punish the community banks which were making prudent business decisions and helping Main Street. I truly believe the economy will suffer further if community banks are pushed out of the picture and not allowed to serve our communities.

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