

Mr. Robert Feldman, Executive Secretary
FDIC

Dear Mr. Feldman:

Thank you for the opportunity to comment on the most recent proposal by the FDIC that would impose a special assessment of 20 basis points in the second quarter of this year.

I have been in banking for 30+ years and have not witnessed a more dire situation in the financial industry. I applaud the FDIC on your efforts thus far in restoring customer confidence. I also understand the importance of protecting the integrity of the FDIC Insurance Fund and maintaining depositors' confidence. However, the method you employ to accomplish this is very important to my bank and the customers and community we serve.

At a time when we are experiencing compression of net interest margins as a result of the deepening recession and the overstatement of economic losses that unfairly reduce capital levels, it seems unconscionable to propose an assessment of this magnitude.

Although my bank is profitable and well capitalized, the special assessment would be a significant and unexpected hit to our bottom line. The special assessment comes at a time when my bank is working to help our community rebuild from this economic downturn. The cost (if enacted) would be so high that it would be a disincentive to raise new deposits; thereby hindering our ability to lend. In addition, it could force our bank to raise loan rates, reduce deposit rates, or cut staff at a very crucial time to help offset the negative impact to earnings and capital.

Given the impact that the proposed assessment will have on my bank and my community, I strongly urge you consider alternatives that would lessen our burden and provide the FDIC the necessary funding in the short term.

I encourage you to consider reducing the special assessment and spread the cost of it over a longer period of time. The recapitalization of the FDIC fund could be spread over a longer timeframe as well. For immediate funding, the FDIC could use its borrowing authority with the Treasury. The FDIC could also use the revenue it is collecting from the Temporary Liquidity Guarantee Program to help support the fund at this time.

The goal of maintaining the integrity of the FDIC fund is paramount, but equally important is the prevention of banks from further undue deterioration. I urge you to take these suggestions into consideration when your Board meets in April to finalize the special assessment rule.

Sincerely,

Johnny M. Irvin, CEO
Rabun County Bank, Clayton Georgia

cc: Honorable Senator Saxby Chambliss
Honorable Senator Johnny Isakson