
From: Jo David Cummins [mailto:jo.cummins@commfirstbank.net]

Sent: Tuesday, March 10, 2009 9:58 AM

To: Comments

Subject: Comments on FDIC Special Assessment

Chairman Bair,

As a community banker I was disappointed by the recent action supported by you and your committee. First, we receive news of increased taxes during an economic recession/depression followed by a non-budgeted special assessment which will cost our bank approximately 1 month's earnings with the potential for more to follow.

Unlike large bank's, that have not been closed because of the systemic risk they pose, we did not contribute to this problem but we are asked, no let me re-phrase that, required to assist in the bailout of these banks. I am certain that due to our bank's size (\$60,000,000 in assets), our bank would be closed in a minute if we were poorly managed and unprofitable.

Unlike Congress and the media, I don't blame the banking problem on lack of regulation as we are well regulated by the Federal Reserve Bank and our State. I expect more regulation to trickle down and have already heard of regulatory exams that were unlike any experienced by banking peers of mine. I blame the banking problem on poor management and greed.

Our bank continues to provide credit to small business unlike the larger bank's in our market who have curtailed their lending. These banks coincidentally, participated in TARP capital and include Regions, Fifth Third, and Bank of America. *It has been good for our business by the way.*

So the reality of the recent assessment is that depositor's and borrower's will pay for this. We are a for profit business and so cost get passed on (when the market permits). Of course, this won't happen as we compete with credit union's who continue to enjoy competitive advantages (no taxes) that are hard for me to understand.

So what are our options.

First we can look at cutting expenses like the news reports of Citi, Bank of America and others. The amount of our assessment equates to two FTE's for our bank. Unlike larger bank's who lay off thousands, laying off anyone in our bank is not an option for two reasons. First they are members of my banking family and secondly I don't staff my bank that way.

Secondly we can reduce our deposit costs. This one is difficult because the market dictates this to us if we choose to be competitive. It is interesting to note that the more risky bank's in my market continue to pay higher deposit premiums than is justified by alternative sources of funding for bank's.

Third we can reduce our overhead. Since community banks don't sponsor large golf tournaments, have corporate jets, suites at the professional stadiums, naming rights to professional sporting venues, etc our options for this are limited outside of cutting staff and salary. Since we are already below peer average for personnel expense it appears we are managing this area fairly well.

In short, there is not much I can realistic do except voice my displeasure and hope someone in Washington listens to the small banks.

Strategically, we did just hire two deposit specialist to grow our core banking deposits in the future. We believe strategically that made sense when we made the decision but with this recent assessment I question why I did this. We are also in the process of building a new branch which will serve a low/moderate income county in Illinois and have made improvements in technology to better serve the Jefferson County, Il market that we serve.

We recently came through an exam unscathed with strong CAMELS rating.

We give to our community through various causes and provide employment for 22 families.

And finally, I thank God everyday, for the work he has led me to, as I still believe that I can make a difference to the families of the communities I serve and the employees and Board of Directors I am honored to work with.

Chairman Bair, Washington needs to get in touch with banks like ours as we our part of the solution and not a contributor to the problem. I would urge looking to other avenues to raise monies needed as a result of larger bank collapses as earnings and capital taken out of community banks and local economies around the country is not an impetus to supporting economic growth in rural America.

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