



**Constituent**

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**Details**

Category: Banking  
Mail Group: **FDIC**  
Assigned To: Taylor Jameson  
Status: Open  
Received Via: Web  
Date Received: 03/13/2009

**Web Mail Message**

Web Mail Subject: Opposition to RIN 3064-AD35: Proposed **FDIC** Special Assessment pursuant to 12 CFR Part 327

Barbara A. McCullough  
Senior Vice President & Cashier  
First National Bank Northwest Florida  
101 East 23rd Street  
Panama City, FL 32405-4501 March 11, 2009 The Honorable Mel Martinez  
United States Senate  
356 Russell Senate Office Building

Washington, DC 20510-0903 Dear Senator Martinez: I appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter. I have serious concerns about this proposal, but first wanted to emphasize that I fully support the view of the FDIC that we need a strong, financial secure fund in order to maintain the confidence depositors have in the system. However, how this is done is very important to my bank and my community. The special assessment is a significant and unexpected cost to my bank that will devastate earnings. We are already dealing with a deepening recession, accounting rules that overstate economic losses and unfairly reduce capital, regulatory pressure to classify assets that continue to perform, and a significant increase in regular quarterly FDIC premiums. Each of these is a big challenge on its own - but collectively, they are a nightmare. Banks like mine that never made a subprime loan and have served our communities in a responsible way for years and years are being unfairly penalized. The special assessment is completely at odds with my bank's efforts to help my community rebuild from this economic downturn. The cost is so high that it is a disincentive to raise new deposits. Fewer deposits will hinder our ability to lend. The reduction in earnings will make it harder to build capital when it is needed the most. We will also be forced to look at ways to lower the cost of other expenses, which may limit our ability to sponsor community activities or make charitable donations - something that we have done year after year. The implications for this significant FDIC charge will impact every corner of my community. It is patently unfair and harmful to burden a healthy bank like mine that is best positioned to help the economy recover. Given the impact that the proposed

assessment will have on my bank and my community, I strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding its needs in the short term. I urge you to consider more reasonable funding options, such as; -Reduce the special assessment and spread the cost of it over a long period of time. The FDIC should spread out the recapitalization of the fund over a longer timeframe as well; -Use a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if it needs the funds. This would allow me to write off the expense only when the funds are actually needed; -Use the FDIC's borrowing authority with Treasury if the fund needs resources in the short-run. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a long period of time; and -Use the revenue that the FDIC is collecting from the Temporary Liquidity Guarantee Program. There is considerable revenue from those banks that are issuing guaranteed debt to help support the FDIC at this critical time. Making these modifications will ensure that the fund remains secure and will allow my bank to continue to lend in our community. I urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule. Sincerely, Barbara A McCullough  
8507693207  
Senior Vice President & Cashier  
First National Bank Northwest Florida This message has been verified by CapwizXC as authentic and sent by this individual. Authentication ID: [bvqpAZL1]

**History**

Notes/Comments:

Route History:

03/25/2009 - 06:08 PM - Taylor Jameson - Printed Tracksheet

03/16/2009 06:20:37 PM - Created automatically by Samuel R Novales via InterTrac Web Gateway.