**From:** Scott Beaudry <SMBeaudry@upstatebank.net>
**Sent:** Tuesday, July 18, 2023 5:33 PM
**To:** Comments
**Subject:** [EXTERNAL MESSAGE] May 22, 2023 - Special Assessments Pursuant to Risk Determination - Notice of Proposed Rulemaking; Comment Request (RIN 3064-AF-93)

[redacted]

Mr. James P Sheesley
Assistant Executive Secretary
Attention: Comments – RIN 3064-AF93
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Sheesley:
I am submitting this letter in response to the FDIC's request for comment on the proposal to exempt community banks under $5 billion from the special assessment. This has been an issue garnering a great deal of discussion at our community bank.

I have been the CFO at Upper Peninsula State Bank since 2003. We are $300 million bank with five locations and have served our local communities for well over 100 years. We lend locally and fund loans with local deposits. We advertise FDIC insurance to our customers and pay our risk-based share of insurance premiums. I strongly support the FDIC's proposal to limit the special assessment to the 113 large banking organizations that hold large amounts of uninsured deposits. I encourage the FDIC to finalize its rule as proposed.

The failures of Signature Bank and Silicon Valley Bank illustrated the contrast of business models used by larger banks compared to those of smaller community banks. The high dependence on uninsured deposits is not consistent with how smaller community banks, like ours, operate. In most cases, smaller community banks are funding their assets with local deposits resulting in a safer business model. Banks like ours do not represent as high a risk to the Bank Insurance Fund nor would our depositors benefit from the systemic risk protection afforded to the larger banks. The larger banks that rely more on uninsured deposits and pose a systemic risk to the industry should bear the costs synonymous with the risk they provide. Our industry guidance and procedural development is risk-based. This proposal as written, is consistent with that theme and helps match the cost of riskier business models with the institutions that use them.

Community banks continue to be stressed financially to meet industry obligations in all the same areas as the larger banks do, only with considerably fewer resources. Adding more cost to the community bank framework to subsidize the larger banks is backwards and would negatively impact pricing of products and services provided locally. Thank you for soliciting input on this extremely important topic and for avoiding the one-size fits all approach to the special assessment. I encourage the FDIC to finalize its rule as proposed.

Regards,

**Scott M. Beaudry**
**Executive Vice President & CFO**

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