July 21, 2023

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 a 3rd generation community banker from a $240 million bank in central North Dakota and am writing to express my support for the FDIC's proposal to exempt community banks under $5 billion in assets from special assessments to recover the loss to the Deposit Insurance Fund (DIF) arising from the protection of uninsured depositors in connection with the systemic risk determination in connection with the closings for Silicon Valley Bank and Signature Bank.

As FDIC Chairman Martin Gruenberg stated, "The proposal applies the special assessment to the types of banking organizations that benefitted most from the protection of uninsured depositors, while ensuring equitable, transparent, and consistent treatment based on amounts of uninsured deposits."
The reason for my support is pretty simple – I completely agree with Chairman Gruenberg's statement that special assessment should apply to the types of banking organizations that benefitted from the protection of uninsured depositors. Not only did community banks not benefit from this particular systemic-risk determination, Secretary Yellen's public statement that, "only systemically risk banks would receive depositor protection" in this form makes it clear, community banks will never receive such a determination.

While I was initially frustrated that these systemically risky banks would receive special treatment in the form of a full bailout, as a community banker, I wholeheartedly agree that community banks are not systemically risky – of course we are much smaller in size, but we also operate under a safe, sound and relationship-based banking model that has withstood economic cycles. There is a reason many community banks like mine are nearly 100 years old – it's because we are systemically important to our communities, to our Main Streets and to our local ownership. Our community focused missions do not allow for risky business models, or incentive packages for our executives which incent risky behaviors and/or rapid growth. Further, the amount of regulatory oversight at a community bank is much greater in proportion to our asset size than at those systemically risky banks.

So, not only do I agree that only the systemically risky banks who will benefit from such determinations now and in the future, should bear this special assessment, I believe all future deposit assessments should be based on risk – risk is the basis for insurance premiums in general. For example, if I own a house with a pool and my neighbor's house does have a pool, I will have a higher homeowner's insurance premium. And, if I have a poor driving record with a history of speeding and accidents, then I will also pay a higher car insurance premium than someone with a clean record. Likewise, my teenage son will pay a higher car insurance premium than an experienced, older driver with a proven track record. The Deposit Insurance Fund serves an incredibly important purpose. Funding the DIF with risk-based premiums will bring equity and consistent treatment, which I believe would accomplish what Director Gruenberg's earlier statement was requesting.

Thank you for your time. I truly appreciate the opportunity to comment.

Sincerely,

[redacted]

Sarah Getzlaff, CEO
Security First Bank of North Dakota