Dime Bank

James P. Cronin
PRESIDENT

November 3, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Re: Notice of Proposed Rulemaking-Deposit Insurance Assessments

Dear Mr. Feldman:

I would urge the FDIC to reconsider its proposal to assess a fee against institutions that have FHLBank Advances in excess of 15 percent of domestic deposits.

I cannot think of a worse time for the FDIC to impose such a cost on the industry, especially after so many community banks were forced to take significant write downs as a result of Fannie/Freddie being put into conservatorship. Frankly, I'm still very disturbed with the FDIC for not taking a proactive stance to prevent those write-downs before they occurred. It was and is appalling to me that the FDIC did not even attempt to ascertain the exposure the community banking industry faced, thereby preventing it from acting as an advocate for the industry with Treasury as it analyzed the impact of taking over Fannie/Freddie. I believe, as a result of the FDIC's inaction, approximately $20 billion in capital was taken away from community banks. Now this new proposal is only going further impair our ability to remain strong, viable institutions.

Certainly the FDIC is well aware that the banking industry as a whole, but especially community banks have been struggling to maintain market share in deposits over the last twenty years as consumers have become more and more willing to seek capital market alternatives for their funds. As that was happening, we had no choice but to seek alternative sources of funds, the FHLB system being the least expensive and most advantageous. Now, after building up those outstanding balances, we will be hit with a double cost- one being the 50 percent reduction in dividends on the FHLB stock we are required to own in order to take the advances and a new, retrospective fee from the FDIC. And to make it worst, there is not going to be a phase in period, which would have allowed us to attempt to restructure our balance sheets to somewhat, mitigate these increased costs.

MEMBER FDIC

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EQUAL HOUSING LENDER #705

It makes little sense to me that the FDIC has decided to impose such a fee at a time when the government is attempting to help the banking industry get back to normal and free up credit. This initiative is counterproductive to those efforts. It will add substantial costs on top of the already planned increase in FDIC premiums for regular deposits as well as the cost of the Temporary Limited Guarantee Program. And for what, I assure you not for anything community banks did. We will be paying the costs for what others did, just like we did in the early nineties when the S&L industry had to be bailed out. Enough is enough!

I urge you to hold off the implementation of this punitive policy. It clearly is not in the best interest of the community banking industry and ultimately the FDIC.

Respectfully,

James P. Cronin