

March 9, 2009

Dear Senator Bennett,

Please support Senate Banking Chairman Dodd's legislation that would permanently raise the FDIC's line of credit from the Treasury to \$100 billion and temporarily increase the borrowing authority to \$500 billion until December 31, 2010. This would help relieve the huge cost that this special emergency assessment will have on community banks. (Our cost estimate is \$500,000.00 to our bank if we are assessed 20 basis points).

For the most part community banks did not participate in the risky practices that led to the economic crisis, yet are being penalized by having to pay this special assessment on top of the regular assessments that are more than double last year. The majority of community banks are well capitalized, common sense lenders that have been and want to continue to help in the economic recovery process. This special assessment will only hinder their ability to do so.

The special assessment should be based on total assets (minus tangible capital), not total domestic deposits. We support broadening the assessment base to include total assets (Minus tangible capital). This would make large banks shoulder more of their fair share of the special assessment if the assessment was broadened to include total assets.

We support a change in the accounting rules to allow banks the opportunity to amortize the special assessment over a period of years.

We support a systemic-risk premium for the large "systemically important" banks. This premium should be large enough to pay for the substantial risk of insuring these institutions.

We think that it is unfair that so many of the large banks have received tens of billions of dollars of TARP money and will have the ability to use taxpayer's funds to pay this premium.

We feel that the FDIC should explore all alternatives for funding the DIF in lieu of the special assessment. They should consider using its existing authority to borrow from the Treasury, issuing debt instruments to the public or using its authority to borrow from the banking industry. All of these along with any others should be thoroughly examined with community bank input.

Thank you for listening to our plea to support Community Banking.

Sincerely,

Marvin D. Schlegel
President La Junta Office