

From: McKinley Deaver [mailto:mdeaver@msbankers.com]
Sent: Monday, March 30, 2009 9:53 AM
To: Comments
Subject: Opposition to RIN 3064-AD35: Proposed FDIC Special Assessment pursuant to 12 CFR Part 327

McKinley Deaver
President
Mississippi Bankers Association
640 N. State St
Jackson, MS 39202-3303

March 30, 2009

Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Robert Feldman:

The Mississippi Bankers Association, representing FDIC member institutions operating in Mississippi, appreciates the opportunity to comment on the proposed interim rule that would impose a special assessment of 20 basis points on deposits as of June 30, 2009, payable September 30, 2009.

Insured institutions in Mississippi have a long record of strength, stability and sound management. Our banks are healthy and well-positioned to play an important role in the economic recovery of our state and the nation. Very few, if any, Mississippi banks made sub-prime loans or offered other "non traditional" loan products. Our banks continue to serve their customers in a responsible manner, supporting their customers and communities through the extension of credit and in other ways. The FDIC's proposed special assessment would be a significant cost and burden to well-run institutions, making their continued successful operation much more difficult at this critical time.

Coupled with other factors in today's banking environment, the proposed special assessment would hinder our banks' ability to build capital and make loans to qualified individuals and businesses. Other factors currently hampering banks include accounting rules that overstate losses and minimize capital, regulatory pressure in some cases to classify loans that continue to perform, and a significant increase in regular FDIC premiums - just to name a few. Healthy institutions, like the ones operating in Mississippi, did not contribute to the losses to the Deposit Insurance Fund (DIF). In our opinion, the proposed special assessment would unnecessarily harm these already- burdened institutions.

Mississippi's banks are committed to industry funding of the deposit insurance fund. We believe that this is an important element in maintaining depositor confidence in the system. However, we believe that the proposed special assessment would unfairly burden institutions that are healthy and ready to contribute to the economic recovery.

Our association is working with the American Bankers Association and other industry groups to support the restoration and recapitalization of the DIF in a fair and workable manner. We appreciate the FDIC's consideration of

various options that could help achieve this objective. We respectfully request that the following suggestions be considered in this process:

- Reducing the special assessment and spreading its cost over a longer period of time. We believe that such a change would help healthy institutions continue to serve their customers and communities, while they provide needed funding to FDIC.
- Using a convertible debt option, whereby FDIC could convert borrowings from the industry into capital to offset losses. This would allow institutions to write off expenses when funds are needed.
- Using borrowing authority from the Treasury Department for short-term needs, allowing costs to banks to be spread over a longer period of time while keeping the obligation for such borrowings on the banking industry.
- Using revenue from the Temporary Liquidity Guarantee Program to support the DIF.
- Utilizing other funding options, including those currently under study by ABA and others.

The members of the Mississippi Bankers Association support the restoration of the DIF by the industry in a manner that promotes public confidence and maintains safe institutions. Unfortunately, we believe the current proposal is unfair and hits banks with significant, unanticipated costs at the worst possible time. We ask that revisions be made to avoid unduly punishing healthy banks, keeping them in a position to continue serve the public and contribute to the economic recovery.

We appreciate the Board's consideration of our views on this important matter.

Sincerely,
McKinley W. Deaver
601-948-6366
President
Mississippi Bankers Association