

626 Liberty Street
Post Office Box 647
Waynesboro, GA 30830



Office 706.554.8100
Fax 706.554.8107
Email fnbw@fnbwaynesboro.com
www.fnbwaynesboro.com

March 30, 2009

Robert E Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20249

RE: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

The recent announcement by the FDIC concerning the assessment rate schedule for insured institutions (12 to 16 basis points) along with the proposed special assessment of 20 basis points to be imposed this year presents a hardship to community banking across the country as well as my bank here in Waynesboro. The following comments are my observations and concerns:

- First I realize that this is a banking industry problem and I am for the industry taking care of this matter.
- Georgia banks, however, under this plan would have to pay over \$400 million in 2009 alone. The same community banks' cumulative income was only \$293 million in 2008.
- Our bank earnings will be impacted drastically. My \$100 million bank's cost for these assessments in 2009 would be over \$250,000. Profits for this year are already down 30% with expected further reductions during the year and these assessments would cause another 25% decrease in net income. The impact on earnings and capital for all community banks would be seriously affected.
- Even with the FDIC special assessment being reduced to 10 basis points, the impact on my bank would be substantial and would greatly affect all community banks' ability to lend.
- I feel that FDIC needs to address the "too big to fail" institutions. A "systematic risk" premium on those banks should be considered. The special assessment unfairly and disproportionately affects community banks. In Georgia, most of the financial difficulties with our banks result from the downturn in the housing market and the economy. The activities of the large banks have created the destabilized economy with their "even more than risky" practices. By basing the FDIC's assessment to assets (less tangible equity capital) versus deposits would shift more of the assessment burden to the larger banks and in fact would end up lowering the level of the assessment needed to generate the same amount of dollars for the Deposit Insurance Fund. If this change was made, only a 12 basis

point assessment would be needed to generate the same amount of dollars for the fund as a 20 basis point assessment based on deposits.

- Looking at all alternatives for funding the Deposit Insurance Fund instead of a special assessment is encouraged.
 - I. Increased LOC from the Treasury
 - II. Borrowing from the banking industry
 - III. Debt instruments to the public
- These “too big to fail” banks have received TARP money in the billions of dollars that would be used to defray the cost of a special assessment for these banks.
- The accounting for this special assessment should allow the banks to write this off over a period of years. The strain to make a profit and in turn increase capital is a heavy burden for a problem that most of the community banks had no hand in creating.
- Community banks will be a very important part in bringing the solution to the problems that we now face. We are trying extremely hard to run good banks. Your help in looking at all the ramifications is desperately needed.

Respectfully,

A handwritten signature in black ink, appearing to read 'J.C. Palmer III', with a long horizontal line extending to the right.

J.C. Palmer III
President