
From: Tommy Segers [mailto:Tommy.Segers@Heritagebank.com]
Sent: Monday, March 30, 2009 4:33 PM
To: Comments
Subject: Special Assessment

March 30, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street
Washington DC 20429

Re: Assessment, RIN 3064-AD35

Dear Mr. Feldman:

I appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment in the second quarter.

Heritage Bank is a \$475 million community bank located in south metro Atlanta. Our Bank is struggling with problem loans as are most Atlanta banks. We lost money in 2008 and continue to lose money this year primarily due to making extra contributions to our loan loss reserve. We have cut expenses to the bone including eliminating 31 employees, roughly 28% of our staff. We are now being asked to send the cost savings from the sacrifice of these employees to the FDIC. This is unfair and just plain wrong.

We are doing everything possible to preserve capital including shrinking our bank. The effect of a 20 basis point assessment is 24 basis points of capital to our bank. It may be the difference between remaining well capitalized or becoming only adequately capitalized.

We totally agree that it should be the burden of the industry to replenish the fund to a level that instills confidence in the system. However, it makes absolutely no sense for our regulators to demand on one side that we raise capital and then take it away from us on the back side. There has got to be a way to replenish the fund over a longer period of time.

We know what we need to do for our bank to survive. We must conserve capital, cut expenses, work problem loans aggressively and be open to all strategies that provide for long-term viability. Taking our capital through this assessment is working against us and increases the risk to the fund. **Our experience so far has been that the liquidation arm of the FDIC exacerbates the costs to the fund by selling off assets of failed banks at below market values.**

We need the government, the FDIC, and other regulators to work with us instead of against us; so we can continue to lend money to small businesses in our community and so we can provide jobs in our community. We have always viewed our government and our regulators as resources to help us in difficult situations.

Please work with us on this one.

Sincerely yours,

C. T. Segers
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