

March 30, 2009

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

RE: Comments: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

The Federal Deposit Insurance Corporation and its Deposit Insurance Fund are of paramount importance to our industry. As a well established community bank, we appreciate your efforts to address unprecedented pressure on the insurance fund primarily caused by larger institutions. We support paying our fair share of a plan to replenish the fund. However, the current proposed 20 basis point special assessment puts an unfair burden on banks like ours who did not play a role in the abuses that caused our current crisis. Such a burden may limit credit availability on main streets across the country. If approved in its current form, we will be forced to support bad business practices of the very same institutions that have tried to put us out of business. And if not reformed, will try again. The following should be taken into consideration when evaluating an alternate plan:

Impact to Earnings/Capital

When combined with the increased risk based assessment, the special assessment will negatively impact 2009 earnings by an estimated 25%. Any special assessment should be amortized over multiple years.

Municipal Deposits

As a community minded independent bank we have a large amount of municipal deposits. We are required to pledge securities to collateralize these deposits. They do not pose any risk to the DIF. Accordingly, they should be excluded from any assessment.

Leverage/Capital

Extremely well capitalized banks should be given appropriate credit for the excess capital carried on their balance sheets. Conservative loan-to-asset and loan-to-deposit ratios along with asset quality should also be considered.

Alternative Funding

Other alternatives to funding should be explored before extracting much needed capital from the banking system. Temporarily increasing the FDIC borrowing limit with the Treasury is a good first start.

Systemic Risk Premium

Any long term plan to replenish DIF must include systemic risk premiums paid by institutions deemed to be “too big to fail”. These are the institutions that pose the most threat to the fund.

Community banks have long been the life blood of main street America. We are prepared to champion economic recovery at a very local level. Our combined efforts will boost our economy much more than the Bank of Americas and Citi Groups of this world. Thank you for your continued support and leadership.

Very truly,

J. Barry Ham
President

JBH/thr