March 30, 2009

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429
Via email to: Comments@FDIC.gov

Re: RIN 3064-AD35 ASSESSMENTS

Dear FDIC:

The Pennsylvania Bankers Association representing approximately 176 insured financial institutions in the Commonwealth appreciates this opportunity to comment on the *interim* rule that would impose a special deposit insurance assessment of 20 basis points in the second quarter in addition to a regular assessment increase. In many cases, this equates to an 8-10-fold deposit insurance assessment increase.

Please be assured that while PBA's members are deeply concerned about this proposal, they fully support your view that a strong, financially secure insurance fund maintains depositor confidence. We simply wish to encourage the agency to find other means to recapitalize the fund and to use all the time it lawfully can in order to achieve that.

PBA's members have consistently served their communities in a responsible manner. The vast majority did not contribute to the current downturn in any way and thus feel they are being unfairly assessed at a time when their capacities to meet their communities' loan needs and deposit earnings expectations are most needed. The reduction in earnings caused by this assessment will make it harder to build capital when it is needed most.

The consequences of this significant FDIC charge will impact every community in the Commonwealth. In a break from their stellar histories as community and charitable funders, our members will undoubtedly be forced to lower the cost of other expenses, which may limit their abilities to sponsor community activities or make charitable donations.

Given the impact that the proposed assessment will have on PBA's members and our Commonwealth, we strongly urge you to consider alternatives that would reduce that burden and still provide the FDIC the funding it needs in the short term to be replenished by the industry in a more workable manner.

We urge you to consider more reasonable funding options, such as:

-Reduce the special assessment and spread the cost of it over a long period of time. The FDIC should spread out the recapitalization of the fund over a longer timeframe as well;

-Use a convertible debt option, whereby the FDIC could convert debt borrowed from the banking industry into capital to offset losses if it needs the funds. This would allow institutions to write off the expense only when the funds are actually needed;

-Use the FDIC's borrowing authority with Treasury, which was authorized for times such as these, if the fund needs resources in the short-run. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a long period of time;

and

-Use the revenue that the FDIC is collecting from the Temporary Liquidity Guarantee Program. There is considerable revenue from those banks that are issuing guaranteed debt to help support the FDIC at this critical time.

These modifications will ensure that the fund remains secure and will allow PBA's members to continue to lend and contribute in their communities. To do otherwise would pull capital from insured financial institutions at the same time PBA's members and the federal government are working hard to increase it. We strongly urge you to take these suggestions into consideration when the Board meets in April to finalize its special assessment rule.

Sincerely,

James R. Biery

cc: PA Congressional Delegation
The Hon. Steven Kaplan, PA Secretary of Banking