

March 28th, 2009

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

RE: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

I have been an independent community banker for almost 36 years. As you might realize, I have seen many economic cycles that have had a dramatic impact on the banking industry. However, none compare to what has been experienced in the banking community during the past six months. It appears that it will continue for a protracted period of time.

As President, CEO and Director of Integrity Bank ssb, I am obviously concerned for the future of the bank. Integrity Bank opened its doors on November 19, 2007 with \$30 million in capital from approximately 175 shareholders. The business plan for the bank was approved by the Texas Department of Savings and Mortgage Lending and the FDIC. During the past 15 months management and staff have worked long and hard to meet the Bank's business plan.

On February 25, 2009 FDIC Chairman Shelia Bair announced that the FDIC would impose a 20-basis point special assessment as well as an increase in existing assessment of 8 to 10 basis points to recapitalize the Deposit Insurance Fund (DIF). These two measures alone will be an increase in the amount Integrity Bank will pay the FDIC from 2008 to 2009 of 2,400%. These increases will eliminate all earnings and create a loss of approximately \$80,000 that was not projected for 2009 in the banks' submitted business plan approved by Texas Department of Savings and Mortgage Lending and the FDIC.

These increases somehow must be absorbed by our bank customers through decreases in our depository interest accounts or increases in the interest rates on loans. These measures would shrivel the net interest margins tighter than they have been in years. Both of these options are detrimental and disadvantageous to the growth and survival. Integrity Bank and the thousands of other independent community banks have not participated in risky loan practices to warrant these onerous special assessments at a time when we can and are trying to help our community businesses survive.

Integrity Banks board of directors realize these are perilous times in the financial industry. Therefore we propose to the FDIC the following:

- NO ADDITIONAL ASSESSMENTS for a DeNovo bank's first 3 years of existence. This would allow a start up bank to maintain its business plan and maintain profitability before additional assets are incurred.
- Utilize its existing authority with the Treasury to borrow additional funds for the DIF, thereby repaying the obligation overtime with a debt instrument.
- If additional assessments are imposed a "Systemic-risk" premium should considered. These premiums would allow for systemically important large banks to cover the risk of these "Too big to fail banks" that have created this catastrophic occurrence.
- Allow for any additional ongoing FDIC premiums to be amortized over several years.
- Existing and special assessments should be based upon assets, with an adjustment for capital, not total domestic deposits. The large banks would rightfully be responsible for their risk and negligent behavior.

In closing, Congress and the FDIC should explore and give consideration to a change in the way our banking industry is being regulated. A "bifurcation" of the banking industry is needed to regulate large national and regional banks with large global financial interests that are incongruent to a small independent community bank whose interest is in the community businessman or women. These businesses simply want a line of credit to meet payroll while waiting on their General Motors accounts receivable to pay them.

The banking industry has always been the driving force in the economic success of the United States. More importantly, the small businesses that employ a large majority of the population of this country rely, not on "too big to fail banks", but on community banks whose shareholders live in those communities. They understand what undue risk means to their investment and community's success.

Thank you for your time in allowing me to share my views in what I think is the most important banking issue in my 36 years of banking.

Sincerely,

Charles M. Neff, Jr.
President & Chief Executive Officer
Director and Shareholder
Integrity Bank,ssb