DALHART FEDERAL

SAVINGS & LOAN ASSOCIATION

March 14, 2009

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

Re: RIN 3064-AD35
Interim rule–Special Assessments

Dear Mr. Feldman:

Dalhart Federal Savings & Loan Association appreciates the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter.

We have serious concerns about the proposal but we support the position that a strong secure fund is necessary to maintain the confidence of depositors.

Dalhart Federal is a small community savings and loan, chartered in 1934, that has total assets of approximately $108 million. We are a well capitalized institution that has not applied for nor accepted any TARP or other tax payer funds. We have served our community in mortgage lending and savings since our inception. We are a mutual association with no stockholders to answer to. Our loyalty is to our community and our customers.

A special assessment of 20 basis points would be a significant and unexpected cost to our association. That special assessment would take between 35% and 50% of our expected earnings for fiscal year 2009-2010. And that is in addition to the already approved and scheduled increase in our regular assessment that is almost doubling. And a further emergency special assessment of up to 10 basis points would be devastating. We have worked very hard to increase our earnings and maintain them in a difficult time. We shudder to think that a whole years earnings could be wiped out to rebuild the Deposit Insurance Fund when we did nothing to create or contribute to the losses that have depleted such fund.

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We understand that Senator Chris Dodd (D-Conn.) has introduced a bill (S. 541) that would permanently increase the FDIC's ability to borrow from the Treasury for its DIF, raising the cap from $30 billion to $100 billion. We support that bill and have sent e-mail communications to our U. S. Senators asking them to co-sponsor or at least strongly support the bill. We further understand that passage of that bill into law would probably give the FDIC flexibility to reduce the size of the emergency special assessment to 10 basis points. But that rate would still be devastating to our earnings. We have grave concerns that bank failures will continue at an unprecedented rate and the DIF will be called on as a guarantor of depositors. It is expected that the DIF will take a $36.2 million hit in connection with the failed Freedom Bank of Georgia, one of the latest examples.

The special assessment(s) would adversely affect our Association's ability to lend. Depositors could receive less rate on their deposits when those rates already are historically low. Credit already has tightened significantly and the special assessment could cause lending rates to increase. Lower deposit rates and higher lending rates would probably be necessary to allow the Association to remain profitable, as our regulators expect, in these very tough times. An expected reduction in earnings with the special assessment would make it harder to build or even maintain capital in these tough times when it is needed the most.

Our Association and community would be affected in other ways due to the special assessment(s). There is no real incentive to attract new depositors and grow deposits that we will be assessed on. We will be required to continue to look for ways to cut expenses which could mean less community support for well deserving charities or the needy. We have always been very active in community support over the years. It is very difficult to explain to people that we can't do what we have done in the past.

We have no magic answers but we feel the banking institutions that caused or contributed to the problem, whatever their reasoning, should be more responsible for rebuilding the DIF. We urge you to consider alternatives that would reduce the burden on our Association and provide the FDIC the funding it needs right away. We understand that some of the possible alternatives include the following:

- Reduce the special assessment and spread the cost of it over a long period of time. Senator Dodd's bill should allow this.

- Issue bonds guaranteed by the banking industry, similar to the FICO bonds issued in 1990, with the interest to be paid by the industry.

- Allowing the banking industry to amortize their portion of the assessment.

Utilizing one of these alternatives or finding another will insure that DIF remains secure and will allow us to continue to make loans to our customers and continue community support. We urge you to do so.

Sincerely,

Duane R. Brewer
President/CEO

John D. Plunk, Controller

Director

Director

Director

Director

Director

Director