Bank of MOUNT HOPE

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March 12, 2009

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

RE: FDIC Special Assessment - Insurance Funding

Dear Mr. Feldman:

It was somewhat comforting to hear that the FDIC is recommending a 10 basis point assessment rather that the previous 20 basis point assessment, providing that Congress clears legislation expanding the FDIC's line of credit with the Treasury to $100 billion. While this is certainly welcome news, I am extremely concerned that Congress along with the FDIC can find alternative ways to fund those shortfalls rather than putting this burden on our banks that worked to run their banks in a very efficient manner and were not in any way a part of these problems.

Even the healthiest community banks can expect to pay out 10% or more of the expected profits for 2009, leaving the bank with a reduced ability to cope with other economic emergencies.

While our institution understands the need for a strong, viable and ongoing Insurance Fund, this method of securing that fund seems precarious at best and disastrous at worst. We understand the urgency of the situation but our industry can bear no additional policy mistakes at this time.

Healthy, well managed banks understand that they are the backbone and the strength of the financial services industry, but a decision such as this one strikes the very core of that strength. The FDIC has suggested that putting a risk factor into this Special Assessment rate would cause troubled banks to fail. That may be true, but imposing this Special assessment without a risk factor could result in much worse--it could cause strong banks to weaken significantly, which in turn would jeopardize the entire industry and everyone relying on it.

In addition to the immediate impact that such an assessment would have on the strength of the industry and the individual community banks, it will also drain available liquidity from the community banks, leaving us without the available funds for loans that we are being urged to make

and which are necessary to economic recovery. In addition, it will require community banks to reduce staff, leaving valuable employees without a job during these difficult times, causing a further strain on the economy. It will also necessitate a moratorium or significant reduction in dividends, which penalizes the shareholder who has invested in well managed banks and discourages others from investing in a time when we are trying to rebuild the participation through investment of equity in sound institutions.

Our bank is a strong bank. West Virginia banks are strong banks. We have a long and impressive history of doing the business of banking in a responsible and conservative way. There are many other states and communities across the country just like us. How many times can the strong, well managed institution be looked to for shoring up those that were not responsible, before the entire system collapses?

We implore the FDIC to work with the industry leaders, legislators, other regulatory bodies and others to develop another way to restore the Insurance Fund. There are so many possibilities--none of which are perfect--but all of which are better than destroying the healthy banking system in West Virginia. Those options could include borrowing against the Treasury, using TARP funds or issuing bonds. In addition, because such a high percentage would have a significantly more disastrous impact on smaller banks, it would make more sense to have a risk system based upon the total deposits.

There is a way to protect the industry and those who relied on it by placing their deposits in an FDIC insured institution. We have to find that way in a thoughtful, well reasoned manner--with the participation of the industry as well as the regulators.

The FDIC has extended the recovery period from 5 to 7 years because of "extraordinary" circumstances. Of course, we agree and appreciate that, but these circumstances are more that extraordinary and they demand a solution that is more than extraordinary.

Thank you for your consideration of these comments and, again I urge you to work with leaders of the industry to develop a safer and sounder solution.

Cordially yours,

Ronald E. Clay

Ronald E. Clay
President

cc: Senator Robert C. Byrd
Senator John D. Rockfeller, IV
Congressman Alan B. Mollohan
Congresswoman Shelly Moore Capito
Congressman Nick Joe Rahall
Federal Reserve Board