



March 13, 2009

Mr. Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
ATTENTION: Comments
550 17th Street, NW
Washington, DC 20429
Attention: RIN#3064-AD35

Dear Sir:

The Virginia Association of Community Banks (VACB) appreciates the opportunity to comment on the agency proposal to impose an emergency special assessment to shore up the deposit insurance fund. Our membership represents the locally owned and operated banks across the Commonwealth.

This special assessment raises numerous concerns for all the community banks in our state. The increase in premium payments will significantly reduce earnings for our member banks; several bankers have told me that the reduction will amount to 50% of their bank's earnings. This reduction is a terrible blow to community banks, who are often the primary lender to our nation's small businesses. At the very time when more lending activity is needed to spur the economy, community bank lending will be hindered due to this additional premium payment.

The special assessment is a disproportionate burden for community banks ... banks which did not engage in the high-risk practices that led to the current economic crisis. We urge the FDIC board to consider alternatives, such as broadening the assessment base to include total assets (minus tangible capital), as opposed to total domestic deposits. And, VACB would also strongly support a change in the accounting rules to allow banks to amortize the assessment over a period of years.

VACB welcomes the opportunity to continue working with the FDIC to address issues affecting the community banking sector. If you have questions, please do not hesitate to contact me at (804) 673-8250 or by email at psatterfield@vacb.org.

Sincerely,

Patricia G. Satterfield
President & CEO