

Valley Central

SAVINGS BANK

115 WEST BENSON ST., READING, OH 45215 • 513 821-3335

March 10, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

RE: Assessments - Interim Rule – RIN 3064-AD35

Sir:

We are writing to express our concern about the above captioned interim rule. We understand the importance of an adequately capitalized insurance fund but we believe a 20 basis point special assessment this year would be counterproductive. It would unnecessarily erode bank capital, suck millions of lendable funds out of our communities and cause lower rates to depositors.

The burden of the special assessment, as currently proposed, would fall unfairly on small community banks. Most community banks like ours did not make subprime loans and have not contributed to the recent losses in the insurance fund. And, unlike larger banks, our institution will not have access to TARP funds and will not have the ability to use these taxpayer funds to pay the assessment.

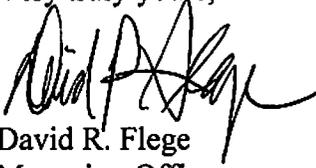
Community banks have provided a safe depository during this time of economic turmoil at rates that have generally exceeded US Treasury yields. As June 30th approaches, we would be forced to lower our savings rates, both to help pay the assessment and to insure that we do not have a flood of new deposits that would be subject to the assessment. Since our competitors would be similarly motivated, the American public would see very low rates offered on insured deposits.

We believe the FDIC should consider less harmful alternatives to a 20 basis point special assessment. One idea that has already been proposed is to lower the assessment to 10 basis points. We would also respectfully suggest the FDIC more actively use its line of credit at the US Treasury. Finally, we hope the FDIC encourages Congress to expand this line of credit for the duration of the economic crisis.



In conclusion, we believe that community banks can serve the community and assist in the economic recovery through continued lending and by providing safe, competitively priced deposit products. The FDIC has been an effective partner in this endeavor through the years and, by considering other alternatives to the special assessment, can continue to assist banks in serving the public in the most effective manner possible.

Very truly yours,

A handwritten signature in black ink, appearing to read "David R. Flege". The signature is fluid and cursive, with a prominent initial "D" and "F".

David R. Flege
Managing Officer