Parkvale Bank 4220 William Penn Highway, Monroeville, PA 15146-2774 (412) 373-7200

March 17, 2009

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

Dear Mr. Feldman:

Please accept this correspondence as an absolute disappointment to the proposed special assessment and increased premium related to the regular assessment. Community banks have been and will continue to be the pillars of the communities we serve. The vast majority of community banks are well capitalized, guided by sound business principles and will have an instrumental role in participating with the economic recovery process. Yet, we now find that community banks are being unfairly penalized due to the risky practices and indiscretions of Wall Street institutions that have led to the current economic crisis.

I was encouraged that Chairman Bair recently reduced her request for a special assessment to 10 basis points and remain cautiously optimistic that the FDIC will recognize that a special assessment of any amount based solely on domestic deposits is not the best method to avoid insolvency of the Deposit Insurance Fund. Imposition of the proposed special assessment would have a negative effect on our country's most viable link to economic recovery – community banks.

I respectfully suggest that the FDIC consider the following alternatives related to strengthening the Deposit Insurance Fund:

- The special assessment formula should be based upon assets, less an adjustment for tangible capital. This approach would appropriately redirect a proportionate share of the DIF burden to the mega banks that caused our current crisis. Community banks have long served the depository needs of Main Street America and funded their balance sheets the correct way – with deposits. The special assessment formula proposed by the FDIC penalizes community banks for their sound business practices.
- The FDIC should support a change to accounting rules allowing banks to amortize the special assessment over a reasonable period of years.
- Consideration should be given to a systemic-risk premium levied against the "systemically important" mega banks.

- The FDIC should consider alternative means of funding the Deposit Insurance Fund, such as using its existing authority to borrower from the Treasury or issuance of debt instruments through the public sector.

Community banks are willing and eager to work with the FDIC in its effort to identify alternative means of funding the Deposit Insurance Fund. Let's resolve, however, not to destroy the one segment in the financial services industry that is truly working, the community bank.

Sincerely,

Gilbert A. Riazzi

Gilbert A. Riazzi
Senior Vice President

cc: Camden Fine - President & CEO, ICBA
Frank Pinto – President & CEO, PACB