NBC

"People You Can Bank On"

Member FDIC

Todd T. Earl
President

March 10 2009

Mr. Robert Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429-9990

RE: Emergency Assessment

Mr. Feldman:

I appreciate the opportunity to comment relative to the Emergency Assessment proposed by the FDIC Board of Directors on Monday, March 2, 2009. This proposal, to require the payment of a 20 basis point emergency premium is, we understand, well-intended. The fund has dropped to dangerously low levels as a result of failures across the system. The number of troubled banks has simultaneously increased. The dilemma confronting the FDIC is obvious.

Implementation of the emergency assessment as structured will significantly increase the number of banks whose earnings and capital do not meet regulatory standards. Banks like mine rely on capital increases from earnings to fund additional loan requests in our community. As I read the newspapers and listen to broadcasts, my industry is being lambasted for not providing additional credit.

We have continued to make loans, having experienced more than 37% growth in our lending totals since August, 2008. We hope to continue to be positioned to identify good credit risks and relationships in an effort to maintain and increase the pace of economic activity in our region. However, this assessment will significantly impact our capacity to continue to meet those credit needs.

We concur with the need to recapitalize the fund but we choose a more circumspect approach – one which allows a greater time horizon and which utilizes the Treasury line to meet the legislatively-mandated 1.15 percent of insured deposits. Our industry, in general and my bank and my clients, in particular, benefit from the availability of FDIC insurance. The industry desires to maintain a reserve which adequately insulates taxpayers from risk; it just seems that there may be a more measured approach to recapitalizing the reserve without increasing systemic risk.

My community bank has never funded a subprime loan, has never had a significant violation of compliance law, has never operated under any letter agreement or cease and desist order. Yet, today, because of the actions of others dubiously operating in this industry, our ability to serve our community could be compromised. Charitably, this is distasteful.

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I urge you and the FDIC to reconsider the methodology to be employed to recapitalize the reserve. Placing additional institutions, particularly traditional community banks like mine at risk because of the irresponsible lending and investing activities of others does nothing to reduce systemic risk; indeed, it only increases it. As importantly, the economic recovery that we all wish to effect becomes further distant under this proposal.

Thank you for your consideration of this letter.

Respectfully,

Todd Earl