

March 13, 2009



Mr. Robert E. Feldman
Executive Secretary of the FDIC
5501 17th St. N.W.
Washington, D.C. 20429

RE: OPPOSITION TO PROPOSED FDIC SPECIAL ASSESSMENT

Dear Mr. Feldman:

I appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter on all banks and in particular on the community banks that had nothing to do with the "bail out" of Mortgage and Investment Banks that refused to follow prudent banking principals in past years.

I have serious concerns about this proposal, but first wanted to emphasize that I fully support the view of the FDIC that we need a strong, financial secure fund in order to maintain the confidence depositors have in the system. However, how this is done is very important to my bank and my community.

We are already dealing with a deepening recession, accounting rules that overstate economic losses and unfairly reduce capital, regulatory pressure to classify assets that continue to perform, and a significant increase in regular quarterly FDIC premiums.

Banks like mine that never made a subprime loan and have served our communities in a responsible way for years and years are being unfairly penalized at the behest of the mega billion institutions that had no regard for the safety and soundness of their depositor's money nor their stockholders investment. The results clearly indicates their attitude was, we can't fail because it will create such a national disaster that our government will not let it happen. The "BAIL OUT" indicates they were correct. Now the community bank (that never made a sub-prime loan) is being asked to pay for their mistakes.

The cost is so high that it is a disincentive to raise new deposits. Fewer deposits will hinder our ability to lend money and create a negative impression of the banking industry with the local customer. It will also create additional hardships on small businesses, local government, our schools and individuals who had nothing to do with the unsound principals that were used by the Investment and Mortgage banks that have created this economic instability.

We will also be forced to look at ways to lower the cost of other expenses, which may limit our ability to sponsor community activities or make charitable donations (something that we have done year after year). The communities survive on these charities, working hard on projects to raise money to improve or maintain basic needs that people less fortunate require. The cities/towns/communities again had no hand in bringing about these catastrophic economic conditions. It is forced on them by a group of "influential" people that could care less about others financial well-being. Greed is the root of all the



economic shortfalls that are prevalent today and has been reflected already with bonuses and other incentives to those "influential" individuals that were only concerned for their own well-being.

The implications for this significant FDIC charge will impact every corner of my community. It is patently unfair and harmful to burden a healthy bank like mine that is best positioned to help the economy recover. We currently have the resources to aid the recovery process, however, this kind of proposal will cause those resources to be taken from us and thereby create an undue burden to overcome and further cause community distrust.

Given the impact that the proposed assessment will have on my bank and my community, I strongly urge you to consider alternatives that would reduce our burden and provide the FDIC the funding it needs in the short term through the Treasury Department. The FDIC has this borrowing authority. Have the banks that created this economic malady, held responsible for keeping the FDIC fund strong. Those responsible should be required to re-plenish any borrowings the FDIC might need to keep the fund maintained at the acceptable level.

Making these modifications will ensure that the fund remains secure and will allow my bank to continue to lend in our community. I urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule.

Respectfully,

A handwritten signature in cursive script that reads "Virgil Jones".

Virgil Jones
President – Guaranty Bond Bank
Mt. Vernon Location