From: Kip Hardin [mailto:chardin@reliancebanking.com]
Sent: Monday, March 09, 2009 11:10 AM
To: Comments
Subject: Federal Deposit Insurance Corporation 12 CFR Part 327 RIN 3064-AD35

March 6, 2009

Federal Deposit Insurance Corporation
c/o Mrs. Bair, Chairman

Federal Deposit Insurance Corporation 12 CFR Part 327 RIN 3064-AD35

Dear Chairman Bair,

Thank you for explaining the reasons for your Board's decision to increase the monthly reserve required by banks to support the deposit insurance fund and your decision to charge a special assessment. I also appreciate the opportunity to share my comments on this proposal with you and the Board.

I am sure you understand but I would like to reiterate the fact that further reducing consistently eroding bank earning by charging higher fees for shoring up Deposit Insurance is akin to taking blood from a severely anemic person and giving it to the blood bank for future use. Soon the very same anemic person whom blood was taken will be in the same line except now to get their blood back. This is the same scenario with respect to the current banking system. Furthermore a reduction in earnings will directly impact future lending. A continual pull back in lending will bring less operation income flowed by less profit causing reductions in employment creating higher unemployment and less debt service ability. In this environment the debt service ability and conservation is something we in partnership with you and the Federal Reserve are battling. It is also what has reduced our asset values causing higher reserves and less capital for growth.

I understand the serious implications of "Big Bank Failures". Large failures mean large centralized elimination of wealth, commercial credit, purchase and production. The small portion of large institution across this country do serve a vast array of consumer loans, commercial loans and depositors. However I implore you that the salvage of large institutions at the expense of fading Depositor Insurance funds and smaller solvent Institutions has the potential to gravely deteriorate the banking system more; not to mention the implication of the removal of trust in insured institutions. I pose this question: Is it better to lose 100 small banks totaling $100 billion in suburbia or 2 large bank totaling $100 Billion which is a conglomerate? Is the worth of many smaller institutions expansible?

Chairman Bair, I understand that you and the rest of the regulators are working diligently to put banks in the position where we function with stability through the purchase of money and lending of credit. Whatever you and the Board choose we ask that you not to impede us with higher assessment fees. We are the ones working everyday on the front lines to MAKE solutions and help America.

Regards,
Kip Hardin
Reliance Bank
Commercial Lender