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Subject: FDIC Special Assessment

Gentlemen:

Community banks across the nation were shocked and dismayed this week when they were informed of the 20-cent special assessment by the FDIC last week. The board and management of Unico Bank were equally shocked and dismayed.

There is something terribly inequitable about imposing such an assessment on thousands of community banks that have done nothing wrong. Community banks are the backbone of financing for the economy. Community bankers live in the communities they serve. They have people with feet on the ground and listen to the needs of their communities.

Community banks make solid consumer and small business loans. These loans finance houses and automobiles for families; they finance capital purchases for small businesses which in turn create jobs for the community. These types of loans are the very loans that the Obama administration is encouraging so that the economy can gain some traction and begin moving forward again. Yet the FDIC, the regulating body of community banks, imposes this undue burden on the very institutions that are being encouraged to loan money.

How can this be? The special assessment is significantly out of proportion when compared to the annual earnings of a typical community bank. How is a community bank expected to compensate for this special assessment? There are not many options; either increase interest rates for loans, decrease the interest paid on deposits, or perhaps a combination of those options or laying employees off. Does either of these options help push the economy forward? We think not.

We strongly and sincerely believe that more of the special assessment burden should be placed on the larger banks that contributed to the economic collapse. Moreover, the Wall Street firms should also be required to make a contribution even though they are not "banks" insured by the FDIC. They created the instruments that helped facilitate the economic meltdown in which we find ourselves.

The larger banks, Wall Street firms and AIG are obtaining obscene amounts of tax payer money in order to stay in business. What is wrong with requiring a major contribution to the FDIC reserve fund as a prerequisite to obtaining tax payer money? To do otherwise and stay on the present course of action will only punish the community banks that have done no wrong and further burden the economy.

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