March 6, 2009

Federal Deposit Insurance Corporation
c/o Chairman Bair

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

Dear Chairman Bair,

I wanted to thank you for taking the time to explain 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 of Directors.

I believe that the majority of banks across this country are unable to take on the burden of shoring up the FDIC's deposit insurance fund. At a time when banks are seeing their earnings erode from actions taken by our troubled financial institutions having to pay ridiculously high rates for deposits to improve their liquidity, thus driving up the cost of funds for all banks in a market where loan rates are free falling, to the extreme treatment of AD&C loans as it relates to mark-to-market accounting and topped off with the threat that government is proposing to give bankruptcy judges the ability to change the contract terms on 1st mortgage loans is just more that our banks can handle.

My bank has $125 million in deposits and your special assessment would cost my financial institution an additional $125,000 based on 10 basis points. When added to the monthly assessments which, when annualized, equals $80,000 and that is before the rate increases the FDIC proposes on the monthly fee. The total impact to my bank will be over $200,000 in FDIC fees! My bank would have to earn a .125% ROAA just to pay the FDIC fees and there is no guarantees that the FDIC will not be coming back for more. Why should the shareholders of my bank have to shoulder that burden?

I was recently asked a question by one of my depositors about how much the FDIC sets aside for *** to insure that our deposits are safe. I told him that the FDIC has a ratio that they follow to make sure their reserves are adequate at all times. I told him that it's very similar to the bank's loan loss reserves that we are required to keep. As loans in our portfolio begin to deteriorate we have the responsibility to make sure that additional reserves are set aside to cover any potential losses. As the potential for loan losses increases the bank is required to put additional money into its reserves. Those reserves are funded through the banks earnings. Then, if the worse case scenario were to occur and that particular loan were to become a loss the bank would have already set aside the appropriate reserves to cover it.

Then my customer asked, "What if the loan is so big that you are unable to make the necessary reserve requirements?" I stated that, "We would have to take the money out of paid-in-capital or go to our shareholders and have them invest additional capital to make

sure the fund was adequate." This is the exact scenario that is happening in our banks across our country today. The FDIC, State Banking Departments and the OCC are coming into banks and seeing deficiencies in many of our loan loss reserve funds and forcing banks to inject additional money to shore up the reserves. So I would ask the FDIC, "What is the difference in my bank's responsibility to make sure our loan loss reserves are sufficient and the FDIC's responsibility to insure that our nation's deposit insurance system is sufficient?"

I would ask the question just like an examiner would ask of me about an insufficient loan loss reserve and that is, "How is it that all these banks went from being operated in a safe and sound manner just over a year ago to failing today?" Whatever the answer is the solution is not to put this burden on the banks. I believe that doing so would only cause more bank failures.

Government has poured hundreds of billions of dollars into our nation's largest financial institutions and insurance companies only to see them lose it. During our recent exam in January of this year the State Banking Department indicated numerous times that "Big banks are too big to fail," I find that statement unbelievable. What they are really saying is the deposit insurance fund is so low that there is not enough money to cover the failure of any one of our countries largest financial institutions. Since it seems that the government has decided in lieu of letting these "Too Big to Fail Banks" fail I believe it's their responsibility to make sure and shore up the FDIC's deposit insurance fund and not every other bank.

If the public were to understand that the FDIC's deposit insurance fund was at or near the point of depletion there would be a massive run on every bank in the country and the any remaining stability in the financial industry would be gone. This would likely result in the government having to take over more of these failed institutions and eventually having to guarantee all deposits thus resulting in a nationalsized banking system, which I 100% opposed.

If you would like to discuss this further please do not hesitate to give me a call.

Sincerely,

[Banker from Alabama]