From: Gribben, Jeff [mailto:JGribben@firstcitizensnb.com]
Sent: Friday, March 06, 2009 11:42 AM
To: Comments
Subject: FDIC Special Assessment

It seems apparent to me that if you impose just a large special assessment on financial institutions they are going to turn around an recoup this charge by reducing that rates paid for deposits and ultimately it is the fixed income population in the US that will pay for this fee over the next few years. This is a population that, in my opinion, cannot afford this large of a percentage drop in what is already a low rate environment for the funds they provide to the banking world.

I think reducing the special assessment is needed and I think you should reduce it to 5bp and then only make additional assessments if needed. None of us know for certain where this economy is headed but there is one certainty and that is that nobody likes bad surprises especially when it directly impacts the bottom line. You would be better served to increase the quarterly assessment so that banks can plan for the added costs and hopefully more evenly spread those costs. With public banks having income levels to hit there is no doubt this fee is going to get charged to the customers as fast as it can. I don't think the economy needs this at this time.

While increases in the quarterly assessment is a slow way to build it is a more manageable cost that will not so dramatically impact customers. Small changes over time are more palatable.

Further – I think there must be a way to charge these fees that is more equitable as to the risk each institution brings to the FDIC and our banking system. While customers of all banks now think more about FDIC insurance those customers of strong, conservatively run and well capitalized community banks have much less risk t the system. No other insurance company that I know of charges each customer that same rate for differing risk, obviously our rating systems must be seriously questioned and I would believe that a 1 rated bank of modest size is not as risky as a 1 rated bank that is much larger and taking on a much different asset base. Even when the OCC has a permanent office in banks like BofA, Citi and others the past year has proven they do not have the ability to properly regulate such a large organization – but a community bank in Iowa they have a much better idea of how to control.

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