HEARTLAND COMMUNITY BANKERS ASSOCIATION

James R. Turner, President

700 S. Kansas Ave., Suite 512
Topeka, Kansas 66603
(785) 232-8215 • Fax (785) 232-9320
jimt@hcbankers.com

March 16, 2009

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Attention: RIN 3064-AD35

Dear Mr. Feldman:

On behalf of the membership of the Heartland Community Bankers Association (HCBA), we appreciate the opportunity to comment on the proposed FDIC's interim rule that would impose a special, one-time assessment of 20 basis points on community banks. HCBA represents thrift institutions in Colorado, Kansas, Nebraska, and Oklahoma with members in parts of Arkansas and Missouri.

While we have no quarrel with the need for FDIC insured community banks, such as HCBA members, to fund and maintain the FDIC, it would appear that the proposed special assessment is so severe as to cause us to raise questions as to whether other options were appropriately considered. Our members feel they are being punished and asked to pay for an economic situation that they did not create. Our members... unlike many of the TARP recipients... have continued to **actively lend** in their communities in an effort to sustain the local economy. This special assessment will **dry up** this lending.

In addition to concerns as to whether all available options were considered... we also have concerns regarding the stewardship of the FDIC in the use of funds in failed institutions. There continues to be equity questions regarding why some depositors were covered in excess of $100,000 while others were not and whether adequate evaluation, allocation, and sale of assets were handled in such a way as to preserve the strength of FDIC and reduce the need for such an assessment. Is this an area that warrants Congressional oversight or possible IG scrutiny?

HEARTLAND
COMMUNITY
BANKERS
ASSOCIATION

There are options. We support Congressional efforts to increase the Treasury line of credit from $30B to $100B (S.541) and the active use of this credit line by FDIC, along with the withdrawal of the proposed special assessment. The Chairman has indicated that to do so would "taint the banks!" Excuse me! The media and TARP program has already "tainted" any institution with bank in the name. We can deal with being tainted in our communities… we can't deal with not having lendable funds because it was taken by the FDIC in what the *Wall Street Journal* refers to as modern day "bank robbery."

There are options. Some type of bond program or convertible debt could be used to restore the FDIC balance while spreading the repayment imposed on insured financial institutions over a longer period. Further, FDIC could actively support H.R. 1349 designed to bring greater balance to the issue of mark-to-market accounting thereby reducing the erroneous distortion of balance sheets and minimizing future risk of failure and FDIC resolution.

In conclusion, HCBA supports a strong FDIC, funded to the Congressional mandated level, and by the insured industry but we feel that adequate alternatives have not been considered and that the special assessment should be withdrawn.

Thank you for your consideration.

Sincerely,

James R. Turner
President

JRT/da