
From: Beth Vaughn [mailto:bvaughn@bankofdudley.com]
Sent: Wednesday, March 04, 2009 3:45 PM
To: Comments
Cc: 'info@icba.org'
Subject: FDIC assessments

The Bank of Dudley was founded in 1905, and today we are a \$170,000,000 closely-held community bank serving Laurens County, Georgia, and the surrounding communities.

We have been a premium paying member of the FDIC for decades, and we have never requested a bailout from the FDIC or the government. We are not participating in the TARP or other programs. We are participating in the increased deposit insurance program, and we expect to pay the higher premiums required for this additional guarantee.

The Bank and its holding company are taxpayers and realize that we will be funding the bailout of Citi and AIG for years to come. We also know that we will be expected to pay the premiums necessary to replenish the FDIC fund. However, we have to protest this short sighted and ill conceived attempt to replenish the DIF in short order.

Banks are under increasing pressure from decreasing interest margins, increasing loan losses, and increasing capital needs. Demanding an immediate cut of their net profit by skyrocketing FDIC premiums just further destabilizes the system. Some banks that are struggling will be unable to rebuild their own capital and the FDIC fund at the same time. Causing these banks to fail unnecessarily will further strain the fund, not restore it.

Our calculations show that our 2009 premiums and 20% assessment will equal 15% of our 2008 profit. We think the premiums and assessment will be more than 20% of our projected 2009 profit.

With all the taxpayer giveaways going on, the FDIC drawing on its Treasury line for a loan that can and will be repaid seems like a reasonable and prudent action that would allow banks to rebuild the FDIC fund at a more reasonable and sustainable pace.

Community banks are the stable and actively lending sector of financial institutions today. We continue to make new loans and work out problem loans with our customers who are local individuals and businesses. Restricting our profits and our lending restricts any stimulus efforts made by the government. Breaking us down is not the way to get the economy going. Letting us continue to work with a reasonable payment schedule is the best way to solve the FDIC funding problem and to continue strengthening both banks and the banking system.

Please reverse this special assessment now and remove one uncertainty from the immediate future for community banks.

Sincerely,
Beth Vaughn
CEO, Bank of Dudley