

**From:** Marc Conley [mailto:mconley@hookerbank.com]  
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This premium will be certain to curtail lending in our community. The increase will be approximately 40% of our annual profit! If not intentionally, then subconsciously we will tighten our credit standards. For the "government" to take this much and threaten to add additional assessments when needed is unconscionable. Furthermore, I believe a good attorney could argue the treatment between main street and wall street is disproportionate and a prime example of disparate treatment contrary to "intelligent" government policy. So that in future years I can say I told you so, be placed on notice that this action by FDIC will have multiple unintended consequences, just as most government intervention does. See following examples.

Community Banks did not receive any "D\_\_N" government help in the '80's & '90's when the Farm Crisis hit main street. In fact, the government exacerbated our situation with government farm programs such as the Conservation Reserve Program (CRP), the "zero / ninety-two" (0/92) and Payment-in-kind (PIK) programs. Farm production lending was already very risky in part from low prices due to the government owned grain reserves at the time. Then the CRP added risk to farm community commercial loans by taking 25% of tillable land out of production. The "really smart" government solutions to a problem were the 0/92 & PIK programs of the 1980's. These programs were going to solve two problems at once; reduce government grain deficiency payments while at the same time reducing government owned grain inventories. The government offered to pay farmers 92% of their grain deficiency payment if they would plant zero acres of a crop. It was common knowledge a farmer's annual profit was essentially the government payment, so many farmers signed up for the "free ride". With zero acres planted there was zero activity on seed sales, fertilizer sales, repairs, etc. Many main streets can trace their demise directly to this time period and this date. The government also offered to pay the farmer with bushels of grain not dollars. So, grain elevators that had built additional facilities and received storage income lost their income. Farmers soon discovered they could PIK and ROLL, meaning they took advantage of price differentials across the country.

So the government took the farm production crisis and spread the misery across commercial agriculture and down both sides of main street. The solution was to do nothing in the USA, but to apologize to international trading partners that had been embargoed. Then we could have retained grain reserves and increased domestic farm prices. (Had anyone at USDA taken a basic class in Ag Policy from a Land Grant College, they would understand the value of a large national grain reserve)

I'm willing to pay my fair share to get out of a problem, but I'm not happy with this solution. You need to divide the large banks up and sell them to generate income. Then in the future apply the regulations as written and in the manuals now. You always tell us don't invest in things you don't understand. Follow your own advice, then remember you can't get out of debt by borrowing money and the whole is equal to the sum of it's parts.