
From: Chris Skaalen [mailto:caskaalen@fsebg.com]
Sent: Thursday, March 05, 2009 12:16 PM
To: Comments
Cc: 'Marshall Mackay'
Subject: Assessments, RIN 3064-AD35

Thank you for the opportunity to provide comment on the recently proposed 20 cent special assessment.

As a small town community bank of approximately \$48,000,000 in assets, we were not involved in the reckless and sometimes unscrupulous activity permeated by others in our industry who decided to forego prudent lending standards in exchange for a quick buck. In fact, on many an occasion, I counseled our customers who were toying with the idea of participating in some of the bizarre credit offerings that were made available in the market due to the risk associated with such products.

As a result, our bank was recently examined and received one of the highest ratings our bank has ever experienced. We expect 2009 to be somewhat poorer than last year but within average for our bank. That was until I received news of the proposed special assessment. The special assessment being proposed ON TOP OF the increased assessment for our bank will cost my institution nearly \$100,000 this coming year alone. I understand and support the need for a strong FDIC fund but to place this much burden on a bank that cannot afford it and was never a part of the problem in the first place is unfounded. The special assessment will punish those who have done what our regulators have stressed and maintained safe and sound institutions. In addition, I believe the special assessment and increased assessment will cripple some banks who are dealing with credit issues already. In our bank we will be forced to cut staff, reduce expenditures that benefit our communities, eliminate charitable donations to community based organizations and reduce the availability of product offerings to a good portion of our customer base.

With that being said, I believe the FDIC should consider the following:

- Provide community banks the opportunity to pay the assessment over an extended time period.
- Utilize the Treasury line of credit in the meantime and repay it from assessments contributed over this extended time frame.
- Recognize the unfair burden placed on well run institutions and small community banks by placing a cap on the amount assessed these institutions.
- Revise the formula so that the special assessment is paid by those who are the problem, who did not exercise prudent lending policies or who are structured in such a way that the size and complexity of their institutions warrant increased premiums.

This is a critical time for our industry. We are under fire daily to maintain a safe and sound environment for our institutions and our customers. This special assessment will only provide more problems for the nations banking system by punishing those banks who played by the rules. In your deliberations consider placing yourself in our shoes. If you played by the rules, worked hard every day to keep a safe and sound bank, watched in awe as others around you flaunted the rules and made tons of money on fees, had customer leave your bank to take their business to lenders who would provide them with mortgage products that they were not qualified to have, argued time and time again about the problem to your regulators and members of Congress AND THEN watched as all your predictions came true and the market crumbled around you only to have the FDIC charge you \$100,000 because of the problem, wouldn't you be upset????? The assessment being proposed AT THE VERY LEAST is a slap in the face to every community bank who worked hard to keep their bank a safe place for its customers.

We understand the tough issues and decisions you are facing and are committed to do our part to maintain a strong FDIC reserve fund but the cost of this problem must be born in large part by those who contributed to the problem in the first place and not shared equally with those who chose common sense lending procedures in their banks.

Thank you for the opportunity to comment on this proposal. I hope that you will reconsider this issue and allow common sense and fair play to dictate the right course of action.

Christopher J. Skaalen
President
First Southeast Bank
3 Main Avenue North, Box 429
Harmony, MN 55939-0429
507-886-6922
507-886-2459 (fax)