

From: Michael W. Thompson [mailto:mthompson@extracobanks.com]  
Sent: Thursday, April 02, 2009 4:47 PM  
To: Comments  
Subject: Assessments, RIN 3064-AD35

Michael W. Thompson  
P.O. Box 6101  
Temple, TX 76503-6101

April 2, 2009

Comments to FDIC

Dear Comments to FDIC:

Representing a solid community bank that's always played by OCC, FDIC, and self-imposed soundness-first rules, I am disturbed, incredulous, baffled, and disappointed by the FDIC Board proposal to impose a special assessment of any size on all insured institutions as of June 30, 2009.

In 2009 Extraco is already experiencing a 100% increase in FDIC premium cost over 2008 levels. Add a special assessment of 10 basis points, and we'd be hit with a four-fold increase this year! If imposed at 20 basis points, six-fold! For those institutions that have not been held accountable to regulatory rules and/or solid lending principles, well, it seems they only "fold" once and we bear the burden evermore!

The community banking industry is free enterprise at its best. The vast majority of our peers are well-capitalized, common-sense lenders in business for the long haul, not the fast buck. We're not looking for TARP money or other government assistance, and we're not interested in paying for others to play.

I strongly urge the FDIC to fully explore other alternatives for funding the Deposit Insurance Fund in lieu of the special assessment. Use existing authority to borrow from the Treasury or issue debt instruments to the public. Or, use authority to borrow from the banking industry, which would still industry-fund the DIF, but the industry would be able to pay the cost of recapitalizing the DIF over time.

If the FDIC does proceed with imposing a special assessment, I assert:

§ Assessments should be based on total assets (minus tangible capital) of an insured institution, not its total domestic deposits, so that banks that caused the problems pay a bigger share. Banks don't fail because of their deposits; they fail due to bad asset quality.

§ The FDIC and Congress should support a systemic-risk premium for the large, too-big-to-fail, systemically important banks.

Community banks like Extraco did not cause this crisis, yet weâ€™re already paying a hefty share of its impact. Imposing a special assessment will only unfairly increase this burden. I appreciate in advance your sense of fairness and good judgment.

Sincerely,

Michael W. Thompson  
254.774.5748