Parkvale Bank 4220 William Penn Highway, Monroeville, PA 15146-2774 (412) 373-7200

March 19, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: RIN 3064-AD35

Dear Mr. Feldman:

As the chief financial officer of a bank in Western Pennsylvania, it seems to me that the answer is not "to rob Peter to pay Paul", but rather to retain as much capital as possible in the community banking sector in order to foster economic recovery.

A special assessment would weaken our country's strongest link to economic recovery - community banks. Just when community banks should be lending to small businesses and consumers to restore stability to the housing market and the financial sector, the FDIC's special assessment would not free up credit, but would have the opposite effect and redirect working capital from the community-at-large to an insurance fund.

The proposed Deposit Insurance Fund (DIF) increase to premium along with a 20 basis point special assessment to replenish reserves to 1.15% over 7 years will place an undue burden on sound community banks throughout the country. It would be better to replenish reserves in smaller increments over a 10 or 15-year period, rather than in larger increments, which would severely impact earnings. Or, better yet, why not impose a systemic risk premium on too-big-to-fail-institutions?

Current premiums are based on average daily deposits, which penalize banks, such as Parkvale, that derive their funding from the local communities. The FDIC appears to be incurring losses due to liquidity issues and problem assets, which do not appear to be the basis of the assessment system.

Insurance companies generally increase premiums associated with the risk of providing insurance. Even without this special assessment, Parkvale Bank has seen its annual premium increase from $730,000 in 2007 to $990,000 in 2008 to an estimated $1,889,000 in 2009 and an estimated $2,171,000 in 2010. These draconian increases appear imminent along with a 20 basis point special assessment of $3,000,000. Such increases will reduce normal net income by more than 50% in the period of implementation – a hardship indeed! The higher assessments coincide with expiration of a credit from the "one-time" special assessment imposed on September 30, 1996 that was to resolve the Savings Association Insurance Fund mess from the late 1980's. The 1996 "one-time" special assessment on Parkvale Bank was $5,035,000, which now approximates the projected 2009 total assessments.

The FDIC Board of Directors should be more creative in arriving at a solution to the economic problems rather than acting like a local taxing authority that decides how much they want to spend and imposes an assessment against the public that has no say.

The FDIC should work with the US Treasury to access the TARP funds or utilize the available line of credit to avoid assessments on individual community banks that have not cost the FDIC one penny in losses.

Sincerely,

Timothy G. Rubritz

Timothy G. Rubritz
Senior Vice President, Treasurer and Chief Financial Officer