March 23, 2009

Robert E. Feldman
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

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RE: Assessments - Interim Rule - RIN 3064-AD35

Dear Mr. Feldman,

As an active member of the Ohio Bankers League, it is my responsibility to comment on FDIC plans to impose a special assessment on all domestic deposits as of June 30.

We oppose the proposed FDIC assessment. Participants of the unregulated "shadow banking system", such as mortgage brokers, mortgage wholesalers and Wall Street investment banks, created much of the excess financial system leverage that is now so painful to unwind. Non-bank players in the mortgage business created unsustainable mortgage loan pricing and underwriting competition. Yet these "shadow banks" often paid little, if any, FDIC premiums. Some banks competed with loosely regulated mortgage competitors, adding sub-prime mortgage loans to their balance sheets. However, many banks in Ohio, including Westfield Bank, have no exposure to sub-prime mortgage loans. Why should healthy community banks be penalized for clean-up costs inflicted by non-bank businesses that were never closely regulated?

Ohio banks understand the importance of a strong deposit insurance fund, and want to work with the FDIC to recapitalize the fund as soon as possible, but a 20 basis point special assessment this year will be counterproductive to President Obama's economic recovery plan, will unnecessarily erode bank capital and will deplete millions of lendable funds out of Ohio communities.

The drag on lending will be greater than it first appears and likely greater than any of your models. Many banks will inevitably make the decision to shrink the bank to lower the impact of this special assessment.

We urge you to continue to consider other alternatives that would moderate the adverse impact of recapitalizing the fund. We suggest that the FDIC more actively use the line of credit at the U.S. Treasury. The current environment is exactly the situation the line of credit was set up to address, spreading out the cost of recapitalization over a longer period of time. If it would help with the politics, you could contractually commit future FDIC revenues to pay of the loans, almost like revenue bonds. Recapitalizing the fund remains the obligation of the banking industry anyway.

Thank you for your consideration,

Jon Park, President
Westfield Bank

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