



Michigan Bankers Association

March 11, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Dear Mr. Feldman:

On behalf of the banking industry of Michigan, I write to offer our comments on the FDIC's Interim Rule that would impose a special assessment in the second quarter of 2009.

We applaud the announced plans for possible changes to the special assessments that would use an increase in the line of credit from the Treasury to allow the immediate assessment to be reduced by half.

In brief, we strongly encourage the FDIC to reconsider and revise the planned assessment of 20 basis points on all bank deposits. Even with the proposed reduction of this assessment to 10 basis points, this immediate cost will have an enormous impact upon the banks of Michigan. The banks of Michigan continue to demonstrate tremendous discipline in the face of an unprecedented eight straight years of job losses for this state. The costs of this special assessment in addition to the regular assessments will be most damaging.

The banking industry of Michigan offers the following suggestions:

1. We strongly agree the integrity of the Deposit Insurance Fund must be maintained.
2. In the interests of the Michigan economy and the soundness of our banks and their ability to continue to meet the needs of their customers and communities, the payments must be spread over a longer cycle. Mechanisms to allow banks to spread these costs over several years are needed. We encourage further examination of the industry bonding mechanisms discussed in our conference call of March 2.
3. We agree it is imperative as emphasized in your announcements that the industry maintains the confidence of the public in the soundness of our industry and the safety of deposits in banks. In this vein it is important that any use of Treasury lines of credit or other mechanisms to provide longer payment schedules are clearly identified as vehicles to allow the banking industry to reasonably meet its obligations for deposit insurance and not a taxpayer subsidy.

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4. We encourage consideration of differing levels of assessments for banks that have long supported the DIF through their premium payments and those that only recently brought enormous deposits into the fund for coverage without having contributed to the fund balances. These entities should be assessed at substantially higher rates than those who helped build the fund.

The banking industry of Michigan encourages continued dialogue to identify further ways to reduce the immediate costs of this assessment.

Sincerely,

A handwritten signature in black ink that reads "Dennis Koons". The signature is written in a cursive, flowing style.

Dennis Koons
President and CEO