From: Keith Emerson [mailto:keithemers@gmail.com]
Sent: Wednesday, March 11, 2009 5:36 PM
To: Comments
Subject: Assessments, RIN 3064-AD-35

March 10, 2009

Ms. Shelia Bair, Chair of the FDIC
Senator Jeff Merkley, D-OR
Senator Ron Wyden, D-OR

Senator John Kerry, D-MA

Senator Ted Kennedy, D-MA

Congressman Barney Frank, D-MA

Congressman Jim McGovern, D-MA

Mr. Robert Feldman, Executive Secretary, the FDIC

RE: FDIC Supplemental Assessment

RIN 3064-AD35

Greetings:

I am an independent Director of a *de Novo* community bank in Oregon, Lewis & Clark Bank in Oregon City, OR. However my primary residence is in Holden, Massachusetts. So I am writing to my representatives in both states with the hope they will jointly recognize the importance of reconsidering the Supplemental Assessment imposed by the FDIC in February, 2009.

First, I need to state I believe the increase in the deposit insurance amount from $100,000 to $250,000, and the unlimited insurance on non-interest deposits, were crucial and laudable decisions. Maintaining the depositor's confidence in the overall banking system and the FDIC's ability to protect deposited assets is of utmost importance to my bank and my community.

Further, I agree that the FDIC must replenish its reserve funds in order to maintain the protective support it offers American banks. However, the announced decision to raise an Emergency Supplemental Assessment on <u>all</u> banks of (even) 10 basis points of the bank's assets is both onerous and discriminatory. The Board of the Federal Deposit Insurance Corporation imposed on Friday a one-time $15 billion increase in insurance premiums on the nation's 8,300 banks. Skip to next paragraphWhen combined with a longer-term fee increase also approved on Friday, the new fees mean that banks must pay $27 billion to replenish the insurance fund this year, nine times more than last year. On a $1 billion asset bank, the fee will rise from $500,000 to $3,200,000.

Few community banks issued sub-prime mortgages. At Lewis & Clark Bank, we issued none. We did not participate in any of the "toxic assets" that trouble many of America's largest and best known banks. Our lending process is conservative, we know all our borrowers, we have seen every asset we have taken as collateral. We chose not to participate in the T.A.R.P. program since we did not need additional capital.

Because of actions of a few, combined with the greed found on Wall Street whose "investment wizards" developed a way to bundle sub-prime mortgages that were destined for default and sell them to investors looking for the next "big windfall". The system worked. The people who could not afford the loans were set to lose their homes (in some cases their total investment, too) and many who could not afford to become homeowners had been sold on something for nothing. Now they are losing their homes and the Nation's Community Banks are being forced to reduce or eliminate profits in order to cover the losses the FDIC has assumed with the bank failures in 2009. A large multi-national bank such as Bank of America or CitiGroup can pay significant assessments and still function. But these very multi-nationals have already received "bail-out" funding from the Federal Reserve. So, the US Government is providing the funds for the Assessment to the large banks and the smaller community banks are forced to exchange profits (and return on shareholder investment) for an Emergency Assessment to fund the FDIC.

Even with the Emergency Assessment reduced to 10 basis points, it is still an onerous and dangerous fee. Those banks that created thousands of sub-prime mortgages will pay the same as those who created none and maintained safe lending patterns. That is not right. This Assessment has the distinct ability to become a disincentive to the acquisition of Deposits, since the more they grow, the larger assessment they attract.

The FDIC has the power and authority to establish an equitable process for restoring its liquidity. They must make the decision that is right for *the Banking Industry* and not protect a few mega-banks. We at Community Banks across the country are counting on you to find an equitable solution. We expect the best from you.

Sincerely,

Keith Emerson

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