

**From:**

**Sent:** Wednesday, March 11, 2009 12:06 PM

**To:** Comments; josh.syrjamaki@mail.house.gov

**Subject:** Assessments, RIN 3064-AD35

Dear Chairman Bair, Sen. Klobuchar, and Rep. Walz:

I am President and CEO of F & M Community Bank with offices in Preston and Chatfield, MN. I am writing to you today to voice my concern about the FDIC's proposed special 20 basis point assessment and the possible continuing 10 bp assessments.

Our bank has budgeted approximately \$70,000 for FDIC assessments for 2009. Based upon our current deposit level, the 20 bp assessment would be \$140,000 which would triple our FDIC assessment to \$210,000 and decrease our budgeted net income by approximately 10%. This comparison becomes even more dramatic when you consider that number is 10 times what we paid in 2008. In addition, if the FDIC uses its authorization to levy additional assessments of 10 bp, our expenses will increase by \$70,000 each quarter.

In order to maintain our profitability, our bank will need to increase revenues or decrease expenses. In an economic slowdown, increasing revenue is probably not likely. And decreasing expenses will mean reduced services for customers and reduced lending since the amount of risk our bank could take on will also be reduced. This will hinder anything we can do locally to improve the economy.

We appreciate being a member of the FDIC and the value the deposit insurance gives us and our customers. But our bank and most other community banks have not been a part of the problem which has caused the deposit insurance fund to decline. The risk has been and continues to be in the large "systemically important" banks. They need to be paying a larger share of the assessment since they are the larger and more "important" part of the risk. The risks and losses have come from the assets of those banks so a fairer way of assessing banks would be based upon the assets and not the deposits of the bank. Furthermore, community banks hold a proportionately larger share of deposits when compared to large banks which further increases the burden we bear when the assessment is based upon deposits. The FDIC is insuring the deposits, but the risk comes from the asset side of the balance sheet.

Thank you for your time and for considering my comments.

Sincerely,

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