From: Merlin Prater [mailto:mprater@fnbmonument.com]
Sent: Monday, March 09, 2009 1:53 PM
To: Comments
Subject: Assessments, RIN 3064-AD35

Community Banks are being unfairly penalized. The majority of community banks didn't participate in the risky practices that led to the economic crisis. However, we are being penalized via an onerous special assessment in addition to assessments that have more than doubled when compared to those of last year. The community banking industry is for the most part a safe harbor in the current economic storm. Community banks are well-capitalized, common-sense lenders that continue to help in the economic recovery process in cities and towns throughout America.

Any special assessment should be based on total assets, not total domestic deposits, so that those who caused the problems pay a more proportionate share. If this approach were used, the same amount of revenue could be generated for the Deposit Insurance Fund (i.e., approximately $15 billion) by assessing every bank approximately 12 cents per $100 of assets as opposed to 20 cents per $100 of domestic deposits. Since large banks hold a proportionately larger share of total banking assets than total domestic deposits, large banks would shoulder more of their fair share (as they should) of the special assessment. Accounting rules should be changed to allow banks the opportunity to amortize the special assessment over a period of years lessening the overall impact to the Banks' Profit and Loss Statement in these turbulent times. Our particular institution is a $200,000,000.00 Bank and the net effect of the anticipated increased premiums and assessments in 2009 will decrease our profitability by over $500,000.00. Failing large banks will have access to TARP money to pay for the premium giving them, again, another unfair advantage to use these taxpayer funds to pay this premium.

We support a systemic-risk premium for the large, "systemically important" banks. The premium should be large enough to pay for the substantial risk of insuring these institutions.

The FDIC should also explore alternatives for funding the DIF in lieu of the special assessment. There are many alternatives to funding the DIF in lieu of imposing a special assessment, including use existing authority by the FDIC to borrow from the Treasury, issuing debt instruments to the public or by borrowing from the banking industry. All alternatives should be thoroughly examined prior to imposing additional assessments.

Respectfully,

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