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September 24, 2009

The Honorable Sheila C. Bair  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

FDIC

OCT 7 2009

OFFICE OF THE CHAIRMAN

Dear Chairman Bair:

The Board of Directors of the Independent Bankers Association of Texas, a state community banking association which represents some 2000 banks and branches throughout Texas, appreciates your leadership at these challenging times in our nation's financial history. We understand the awesome responsibility you have in restoring and maintaining our federal deposit system to levels that ensure the public confidence of all Americans in our banking system. Like you and other members of the Board, we understand and support the realization that our nation's financial institutions, not U.S. taxpayers, should assume responsibility for recapitalization of the deposit insurance fund.

We are aware of the many options that you will be contemplating next Tuesday to restore the fund to adequate levels to address the immediate and necessary resolution of problem financial institutions and, ultimately, to congressionally mandated levels in the long term. To that end, we respectfully ask your consideration that the Board look to options that would not require an additional special premium assessment on the industry at this time.

Although Texas financial institutions have generally fared better in these turbulent times than other financial institutions throughout the country, we too are deeply concerned about the procyclical effects an additional assessment might have on our nation's economy and bank capitalization levels at this time. We would much prefer any option that would provide for a fair and immediate recapitalization including the issuance of bonds backed by the full faith and credit of the United States government or some method of future year premium prepayments that could be amortized over those corresponding years.

While both of these options are preferable to an additional special assessment, the bond issuance option is the most attractive, provided it would contain a requirement that all financial institutions participate equally and sold on a pro rata basis to all institutions consistent with the financial institution's level of assets less tangible capital.

The Honorable Sheila C. Bair  
September 24, 2009  
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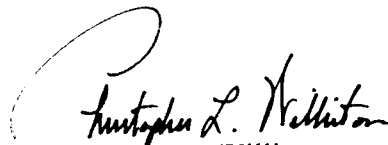
We recognize that the FDIC Board has not solicited comments from industry as to possible options relative to the recapitalization of the fund at this time, but there are many good ideas that have been debated and discussed throughout the industry that deserve consideration in lieu of a special assessment. We would be pleased to offer some of the creative alternatives that have been discussed that would meet all of the required objectives of the FDIC while preserving precious capital so desperately needed in local communities at this time.

Your consideration of our views is appreciated and we stand ready to work with you and other members of the Board as you explore these reasonable and sensible alternatives.

Cordially,



Milton S. McGee  
Chairman, IBAT  
Vice Chairman, Citizens  
National Bank of Henderson



Christopher L. Williston  
President and CEO

cc: Mr. Martin J. Gruenberg  
Mr. Thomas J. Curry  
Mr. John C. Dugan  
Mr. John E. Bowman  
Mr. Paul Nash (via e-mail)