**From:** Ron Wheeling [mailto:RWheeling@ShelterBank.com]
**Sent:** Friday, March 06, 2009 11:04 AM
**To:** Comments
**Subject:** Assessments - Interim Rule - RIN 3064-AD35

Thank you for the opportunity to comment on deposit assessments.

Our bank, Shelter Financial Bank, is like most community banks across America. In addition to being small, we are most importantly very conservative, enjoy very strong asset quality, offer a very simple product set, have strong risk management systems, have never made a single subprime loan or "low doc" loan, and pose virtually no threat to the deposit fund.

As a former regulator, I understand the great difficulty you face in trying to make and apply rules to banks that are not all cast from the same mold. However, it is outrageous that we should bear the weight of the onerous deposit insurance increases we have seen lately along with the emergency assessments that are proposed. There has to be a better mouse trap, a more equitable means of keeping the FDIC system sound. Please consider:

- Banks that are too large to fail are also simply too large. They are inherently too large to effectively manage and certainly too large to effectively regulate. They pose too large a risk to our financial system. They have too large of an advantage in deposit collection relative to their contributions to the insurance fund. Customers who deposit funds with them have no fear of losing their money and do not have to concern themselves with the arduous task of going to the FDIC "Edie" system to labor through extensive iterations in search of solutions to get all of their deposits insured. Fixing this problem long term demands recognition of these basic facts and a change in our strategy for dealing with these dangerous behemoths. I ask rhetorically, why do banks have legal lending limits? Is it not to prevent undue systemic risk associated with putting too many eggs in one basket? Forgive me for reiterating, if they are too big to fail, then they are simply too big.
- A special assessment on small, highly sound, community banks is inappropriate. A special assessment of this magnitude to such banks with long histories of sound operations is counter intuitive. It weakens our banks' earnings, existing capital, and our ability to raise additional capital from new investors. The assessments, particularly in light of relative risk, are actuarially misguided to the point where they are punitive in nature.
- Greater stratification of bank risk ratings is certainly in order. Individual banks' risk to the FDIC insurance fund varies widely, yet the vast majority of all banks in America share the same overall regulatory rating of "2". We all know that our regulators privately discuss that a risk rating of "2" encompasses banks with widely differing risk characteristics. We all know that there are the "clean 2's, the dirty 2's, and the average 2's. It is inappropriate to make such a widely varying rating system the initial basis from which fees and assessments are derived.
- A reduction of the special assessment and a longer term approach to rebuilding the insurance fund is in order. Although we do not consider the recent 100%+ increase in insurance fees fair, at least it is a more predictable, reasonable, and measured approach that is less likely to cause additional harm to our industry and to the overall economy.
- Use the FDIC’s borrowing authority with Treasury if the fund needs resources in the short-run. This is the purpose of this fund and it remains an obligation of the banking industry. Moreover, it allows any cost to be spread over a long period of time; and
- Use the revenue that the FDIC is collecting from the Temporary Liquidity Guarantee Program. There is considerable revenue from those banks that are issuing guaranteed debt to help support the FDIC at this critical time.

Thank you for your consideration.

Ron Wheeling
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