**From:** Hal Russell [mailto:HRRussell@commencementbank.com]
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**To:** Comments
**Subject:** Special Assessment

To Whom It May Concern:

My name is Hal Russell and I am the President and CEO of Commencement Bank, a local Community Bank in the State of Washington. Although we are, a relatively new Bank (opened in 2006); we have felt the pressures and strain of the current economic conditions all banks are facing. The timing of our opening was unique in that we opened just before the current recessionary environment began which resulted in strategic management initiatives and frankly conservative growth expectations. As a result, we are one of very few banks (of both the Community and Regional/Big variety) in our market that is considered sound in all areas within the bank. Liquidity is strong as is our Capital position.

With that being said, I wish to express my displeasure at the recent FDIC announcement of a “Special Assessment” of 20 basis points to be charged on 6/30/09 and paid on 9/30/09 to help replenish the FDIC fund. I certainly understand why the FDIC is doing this but I find it to be unfairly punitive to banks like Commencement Bank that have not had asset deterioration. Commencement Bank is not an active Real Estate lending Institution resulting in a very sound recent Safety and Soundness Examination. Additionally, we have adequate liquidity and capital to sustain our current rate of growth. Lastly and possibly most importantly, is our election not to apply for TARP funding. We felt that our current financial position did not warrant a TARP capital infusion although we had little doubt that we would have qualified had we elected to apply.

Bing a small Community Bank has certainly had its advantages. However, the obvious disadvantage is dealing with unexpected expenditures such as the upcoming special assessment. This assessment will increase our annual FDIC premium expense nearly 150%. To a small Bank such as ours, that is a very large unexpected amount. It seems logical to me that having a system where those banks that elected to take TARP funds and/or Government guaranty’s for liquidity purposes should pay the bulk, if not all, of the assessment.

As you are aware, one of the components of a Safety and Soundness exam is “Earnings”. This without a doubt will affect our earnings in 2009. Had we elected to ask for a bail out, or created a loan portfolio rife with real estate problems, we would gladly pay our fair share. However, as I said earlier, this is not the case.

My suggestion is that the FDIC reconsiders its assessment strategy and not charge those of us innocent of wrongdoing.

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