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Sent: Tuesday, March 03, 2009 9:31 AM

To: Comments

Cc: Kenneth Gibbons

Subject: FDIC Special assessment

First I would like to comment that I fully understand the current environment has placed a lot of pressure on the FDIC and that the FDIC is the agency now stepping up to deal with the toughest part of this whole debacle and that is sorting out the failed banks and selling the assets.

With that said The vast majority of community banks are also "victims" of the Wall Street led decline in our economy .

Community Banks did not participate in subprime lending but rather we are expected , and will gladly be a part of, the cleanup. Unfortunately the one time assessment in our case is approximately \$750,000 at a time when the industry is in trouble. Most community banks do not participate in TARP or CPP programs because they are still reasonably well capitalized in spite of the losses the Freddie and Fannie preferred writeoffs inflicted on them (we fortunately had neither but rather held Lehman and AIG)

We are a \$430 million community bank located in Northern Vermont . Our tier 1 capital at year end was 9.95%, ROA 1.30 and ROE 13.8%. Unfortunately our FDIC insurance expense this year will be approximately \$1,200,000 more than last year. Due to the market problems we will be "reserving" \$3 million to our pension liability and expensing \$1.1 million in 2009. We have 160 FTE's

Our loans outstanding increased 11.5% in all categories in 2008 and we are still growing our loan portfolio with good loans . People have rediscovered their community banks and we will be what brings back the economy. Unfortunately the one time assessment is going to cause us to take a hard look at all expenses which includes the staff.

We would much rather have paid an further increased assessment over a longer period of time rather than the special 20cents . Could not the FDIC have borrowed from Treasury and then repaid it over a 10 year term? It was reported that the one time assessment will raise \$27Billion . Yesterday AIG received another \$30 Billion for a total of \$170 billion thus far.

Their will be no simple solution and it will be a tough road back to economic health.

I suspect my frustration is showing thru but I know how we have conducted ourselves during the past 118 years yet we are now going to pay dearly for something we did not do or participate in. I would like to use the phrase "It's not fair " but it appears,

unfortunately, there is no such thing as fair anymore when it comes to community banks .

Respectfully submitted,

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