



March 2, 2009

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: RIN 3064-AD35

Dear Mr. Feldman,

As a community banker in a small rural East Texas town of Sulphur Springs, Texas I am writing this letter to adamantly oppose the increases to the FDIC premiums recently proposed. While I understand and agree that the FDIC Insurance Fund must remain strong, I also know that the FDIC is making a huge mistake for this fragile economy if this proposal is adopted as drawn.

Our bank, City National Bank of Sulphur Springs, was founded in 1889. In its 120 years of existence, our bank has seen numerous recessions and the Great Depression. It has remained strong through all of this. It remains strong today. City National Bank prides itself on helping our rural, lower to middle class customers which we serve. We are a community bank that prides itself on serving our local markets. Our customers are hard working people. In case you haven't heard, in today's economic environment, it is getting ever more difficult for our customers. Thus, I can't for the life of me, understand why the FDIC would try to pass such a poorly thought out proposal.

Please understand that by finalizing these proposed increases, the FDIC will be imposing more damage to an already beleaguered consumer. In Ms. Blair's comments in the announcement, she states, "These steps are necessary because banks, and not taxpayers, are expected to fund the system." Factually this is true. Fundamentally, she missed the boat completely. What she and others at FDIC may not understand, is that the taxpayers will indeed fund this cost. You see, our customers, and all other community bank customers in this country, are taxpayers. They will "pay" this cost through lower CD and money market rates, higher loan rates, and increased service fees. You see, the FDIC cannot impose a fee to our bank, which will equate to several hundred thousand dollars, and expect our bank to absorb this cost. We cannot and will not! Again, the major fallacy that the chairman has is that the taxpayer will not have to fund this cost, they will. How much more damage can the average consumer take in today's world? Based on what we see here on "Main Street", not too much more.

Finally, the average person is tired of hearing about Washington, Wall Street, bailouts, etc. As those of you in Washington pass these types of regulations and associated fee increases, the American consumer gets frustrated and stretched even more. All we can do is to tell them we share their frustration. Our community and our community bank did not create any of the problems the banking industry is experiencing. We tended to the business at hand and tried to help our community grow and prosper. I believe we have done a good job at that. These other

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"bankers" that we keep hearing about in the news created the issues that you in Washington are having to deal with. Here is my suggestion. The FDIC should impose a stratified fee structure where those institutions that caused the majority of the problems should have to pay their pro-rata share of the solution. Those banks that did not create stresses in the financial markets, should not be asked to subsidize those who did. The FDIC must create this tiered system. New York Wall Steet banks are not the same as a community bank in Sulphur Springs, Texas. Not in complexity, function, product, or leverage. Community banks such as ours did not tax the FDIC system! Correct? Then, why charge us the same rates as if we did? Does this sound fair to the FDIC? Isn't the FDIC an insurance program? Most insurance premiums are quoted based on exposure to a particular loss. How can you quote a rate without looking at the potential exposure to the fund? Is City National Bank of Sulphur Springs potential exposure to the FDIC fund significantly less than that of Citi or B of A? Yes, of course it is. Yet, you charge us all the same rate premium on our deposit base. That is absurd.

Again, with this proposal, the FDIC will do great harm to our customers. You will negatively impact each one of them. This will also be true across the nation.

Our bank will do its best to share this story with our customers. We will be honest with each one of them! We know them all well; as friends, neighbors, school teachers, church members, etc. They will know that their increased costs will be directly attributable to you guys in Washington, not from their bank here in Sulphur Springs, Texas. We will tell each of our customers that their increased costs are coming directly from the FDIC. We can show them the computation. You've made it easy in that regards. We will tell them that these increased costs come from how you all handled banks such as Citi, BofA, WAMU, Wachovia, etc. Not from, City National Bank of Sulphur Springs, Texas.

I'm sure they'll understand and be compassionate for the cause.

As a community banker, it's just hard to imagine that at a time when there is so much emphasis being placed on helping the lower to middle class person; where the economy could easily slip from a very deep recession into possibly something worse; that the FDIC passes this type of proposal. Nice job!

Best regards,

A handwritten signature in black ink, appearing to read "Ricky Reynolds", with a long horizontal flourish extending to the right.

Ricky Reynolds
Exec. Vice President & CFO