
From: Steve [mailto:Steve@texasheritagebank.com]
Sent: Tuesday, October 13, 2009 6:57 PM
To: Comments
Subject: 12 CFR Part 327 Prepaid Assessments

To: Mr. Robert Feldman, Executive Secretary, FDIC
Dear Mr. Feldman:

Texas Heritage Bank is a 78 year old financial institution chartered in the state of Texas. I am a shareholder and serve as the Chief Executive Officer of the Bank. I also am a shareholder/Director for the First State Bank in Abernathy, Texas. I have been a community banker for over 25 years.

First let me thank the FDIC for its wisdom in removing from the table further discussion on another special assessment for 2009. I am however not in favor of the proposal to prepay assessments for the next three years.

The FDIC has the authority to borrow from the US Treasury, and this is the course of action that I think makes the most sense. It does not make sense to borrow from the institutions that the FDIC regulates. This is in essence what the prepayment is and frankly, it creates a conflict of interest in the regulator/regulated arena.

Also, I believe that the current assessment methodology is flawed and places a heavier burden on community banks than is appropriate. The assessment base should be revised to be based on assets less equity. This will swing the burden more towards the money center banks that by their very nature have a more risky balance sheet and business than the bread and butter local community banks in this country.

Thank you for the opportunity to comment. Steve Mack, CEO

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