

From: Odean Busby
Sent: Wednesday, March 04, 2009 6:02 PM
To: Comments
Subject: Comment Letter Regarding FDIC Insurance Premiums

March 4, 2009

Shelia Bair, Chairman
Federal Deposit Insurance Corporation
Washington, D.C.

Re: RIN: 3064-AD35

Dear Chairman Bair:

As the Chairman & CEO of a small community bank with assets of approximately \$500 million, we were shocked at the news by the FDIC on February 27, 2009 of the announced burden of an additional 20 basis points special assessment and an increase in our regular quarterly assessment of 2 to 4 more basis points. I am also very concerned about the FDIC's ability to assess an additional 10 basis points in future quarters as the need arises. In our bank the special assessment and increase in the quarterly premium will cost us approximately \$1,000,000 more in expenses this year when we are already doing everything possible to control expenses, serve our communities with available credit, work with customers who are having financial difficulty and providing jobs for 175 employees in our markets. This action will force us to make drastic cuts in our bank in order to bear this additional burden.

I understand that these are very trying times in all sectors of the economy and that it is painful for everyone; however this action on FDIC's part to take an additional \$27 billion out of the banking sector comes at the very worst time possible and will have a profound affect on good sound banks across the country. This is the time and place for FDIC, working with banking industry groups such as the ICBA and the ABA, to sit down and explore other possibilities than to take more money from the banks who by their very nature at this critical time need all the money they can get to build capital, provide loans and make investments in their local communities. This may very well involve appropriate congressional action to address all aspects of this situation pertaining to all parties involved.

The most distressing and seemingly unfair aspect of this entire event is the shifting of an inordinate burden over to community banks who have not in any way contributed to this debacle; however we are being punished tremendously for it. Whether it is addressed now with a re-visit of the proposed 20 basis points special assessment or future additional special assessments and continual increases in our quarterly insurance premiums, it is critical that a different approach be taken or you are going to cause very good performing community banks to become problem banks just from the weight of this burden.

Unfortunately, most community banks, unlike some of the largest banks, are not “too big to fail”.

Chairman Bair, I appreciate the opportunity to comment regarding the FDIC insurance premiums. I trust, that in the best interest of really good community banks across the country, other solutions will be considered, otherwise additional and larger problems are going to be created.

Sincerely,

Odean Busby
Chairman & CEO
PriorityOne Bank