GEORGIA BANKERS ASSOCIATION
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October 19, 2009

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

RIN 3064-AD49

Dear Mr. Feldman:

On behalf of the Georgia Bankers Association, thank you for the opportunity to comment on the notice of proposed rulemaking on the FDIC adopted Amended Restoration Plan. The plan would return the Deposit Insurance Fund (DIF) to its minimum reserve ratio of 1.15% within eight years through mandated prepaid assessments for every bank through 2012. Our members are committed to funding the DIF and have taken pride in the history of the fund for the protection of consumers.

The GBA appreciates the FDIC's thoughtful consideration of the options identified to achieve this goal. Another special assessment would be far too costly for the industry during difficult times, and borrowing from the Treasury or the Federal Financing Bank have equal downsides with the repayment structure possibly including special assessments. We were hopeful, however, that the FDIC would consider borrowing from the industry to achieve its' DIF goals by issuing FICO-like bonds as has been done in the past. We encourage another look at that type of option. While not as damaging to regulatory capital levels as a special assessment, the prepayment will remove critical liquidity from many of our banks that could be better used at this time to fund lending in their communities, ensure their safety and soundness and provide better opportunity for profitability. And, the lost opportunity cost over time of prepaying 3 ¼ years worth of assessments at the end of 2009 and accounting for the prepayment as a non-earning asset will be harmful to many banks at a time they sorely need earning assets on their books.

In relation to the assessment rate growth assumptions, we encourage the FDIC to revisit the estimated 5% annual growth rate through 2012 and the 3 basis point increase for 2011 and 2012. While these numbers may be appropriate for some regions, they are not applicable for most banks in Georgia for a couple of reasons. In Georgia's many small communities, a 5 percent annual deposit growth rate is a stretch even in good economic times. And, as you know, many of our banks are being required to shrink their deposit portfolios by reducing their use of brokered deposits as a funding source. So, we are not confident that deposit growth at many Georgia institutions will be 5 percent annually for the next few years, meaning a reduced growth rate

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estimate for the prepayment calculation would free up precious liquidity for many Georgia banks that they otherwise would have to wait to receive as a refund in 2014. Additionally, by the FDIC's calculation, industry earnings will have recovered by January 1, 2011. Therefore, our members are hopeful that the time period for the prepaid assessment could be shortened to fit this projection.

Finally, we appreciate the process in the proposed rule to exempt those banks that would be adversely affected. Based on the current banking environment in Georgia, we believe a number of our members may have reasonable cases to make for exemptions that would protect their safety and soundness. We recommend that the criteria for exceptions be well defined, the process clear and simple to follow and decisions about exemptions to be communicated as quickly as possible.

Again, our membership appreciates this opportunity to comment and we appreciate the agency's willingness to listen to our comments.

Sincerely,

Joe Brannen

Joe Brannen
President and CEO