From: Jack Wagner [mailto:jack@adrianbank.com]
Sent: Tuesday, March 03, 2009 4:11 PM
To: Comments
Subject: FDIC Insurance Comment Letter

Dear Chairman Bair:

Late Friday afternoon February 27, 2009, I was made aware that the FDIC Board approved an interim rule to raise second-quarter deposit insurance premiums for Risk 1 banks from 10 to 14 basis points to 12 to 16 basis points. The agency also agreed to impose a 20 basis point special emergency assessment, which will payable September 30, 2009, and authorize the FDIC to implement an additional 10 basis-point premium in any quarter. Based on this information, our bank would pay a minimum of $308,850 based on our current level of deposits totaling $87,000,000. In 2007 our bank paid $15,000 in deposit insurance premiums and last year (2008) we paid $48,000. Needless to say this proposed one year increase of 650% is measurable and one that can not be absorbed by our bank, without hurting all of our customers. We (management) were prepared to absorb and correctly budgeted for the anticipated increases to the current levels of approximately $120,000 for insurance premiums in 2009, but no one, I believe, was ready for this alarming news. This fee, if enacted would represent over 20% of our anticipated income for the year. If enacted, this will have a very inflationary effect on how we price loans, by the need to raise rates, and deposits, by the need to lower rates, and will also have a measured effect on how we will be forced to raise fees on other services. Everyone is fully aware that the Deposit Insurance Fund (DIF) is in need of funding, but you are asking us to replenish the fund rather quickly due in large part of the mismanagement of a few large banks which drained nearly $10 billion from the DIF and several small community banks, which resulted in additional costs of $4.6 billion.

Our bank has made ever effort to assist our clientele in these troubling times, but we have done so using sound, hands on, - I might add- lending practices. We fully understand that we are not exempt from problems, but we are not Robot Lenders “that close a deal, never to see the people again”. I firmly believe that the lack of personal involvement in the lending process has resulted in the problems we are experiencing today. We live with our customers and applaud their successes and also may suffer with any failures they may experience. And thankfully this lending and management style has been very successful for over 75 years. Like most banks our size ($100,000,000) we normally have regulators from ten to fourteen days during an exam. But I ask; how do you or other regulators exam a Trillion Dollar Bank? It appears to me that these giants are to big to regulate, manage or otherwise control. According to my math, it would cost a Trillion Dollar Bank nearly $3.6 Billion Dollars, if this interim rule became law. Are they expected to pay these fees from normal operating expense, or will Washington provide additional funds to make such payments?

Please be assured we want to do our part to re-capitalize the DIF, but you are asking us to do more than our part because of the irresponsible practices of the Wall Street banks. I am requesting that your board seek other alternatives to this plan.

Sincerely,

Jack A. Wagner,
President