TIMBERWOOD BANK[SM]

March 3, 2009

Ms. Sheila Bair
Chairman
Attention: Comments
Federal Deposit Insurance Corporation 550
Seventeenth Street, NW
Washington, DC 20429

Re: FIL-12-2009 – March 2, 2009 Deposit Insurance Assessments Final Rule on Assessments; Amended FDIC Restoration Plan; Interim Rule on Emergency Special Assessment

Dear Chairman Bair:

On behalf of Timberwood Bank, I am writing to comment on the Federal Deposit Insurance Corporation's interim rule regarding deposit insurance assessments, published in the referenced FIL on March 2, 2009. While I appreciate the need to restore the Deposit Insurance Fund, We are very angry about the FDIC's decision to impose a 20 basis point emergency special assessment on all insured depository institutions as of June 30, 2009. Our community bank that didn't participate in the high-risk practices that led to the current economic crisis is being asked to pay for the sins of Wall Street and the regulators lack of purpose to act in the past? The largest financial institutions are the ones that are causing havoc in our economy not the community banks – look at your own statistics. I am a retired Army Officer and I understand what it is like to be a government official and the attached responsibilities. I think you have violated the public trust that is given to a government officer when you voted to levy such a heavy burden on community banks to indirectly pay for the economic wreckage caused by the incompetence and greed on Wall Street and the regulators lack of oversight. Why not make the assessment proportional to those that caused the problems? They still seem to be able to pay large bonuses and spend money on rather lavish items for their employees in these times based on media reports.

What did our bank do to deserve this? We played by the rules unlike what we hear about many of the Wall Street banks with whom we are being lumped together with by the media and now the FDIC. Our bank has not been offered $1 of money from TARP, TLGP or any other government program. We applied, as was recommended back in November, and the only call received from the FDIC was a gentle "nudge" to withdraw our application for the holding company so we would not be listed on a web site as being turned down.

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Why is there not a different standard for the special assessment as there is for bailout funds? Have any of the banks that failed in 2008 or 2009 been given a bailout? No – they were allowed to close but the banks that we hear about on the news that are "too big to fail" receive funds, loans and special treatment while the banks that can actually help pull us out of this situation are being treated like the proverbial red haired step child.

For every dollar you take out of the community banks now the bank lending is decreased by eight to nine fold. Isn't this at odds with what the Treasury Department and the Administration are publicly asking the community banks to do? What are we supposed to believe – what we hear in the news or read between the lines? There are other courses of action that could be pursued. The FDIC could vigorously push Congress to enact legislation to allow it to levy a special assessment on the largest "systemic risk" firms. The FDIC could tap temporary funding from the Treasury to re-capitalize the insurance fund, giving Main Street banks time to strengthen their balance sheets and allow local lending activities to continue to help our struggling economy recover, rather than constrict lending further by imposing a painful new debt obligation on already burdened balance sheets which are having to make provisions for loan losses at the same time. If reserve calculation rules would have allowed banks to put more money into the allowance during good times without penalty, part of this crisis again could have been avoided.

Thank you for your consideration of our views.

Sincerely,

Dennis J. Peters
Operations Officer
Timberwood Bank

CC: Rep Ronald Kind – 3rd Congressional District - WI
Senator Herb Kohl – WI
Senator Russell Feingold - WI

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