October 21, 2009

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

RE: Prepaid Assessments, RIN 3064-AD49
By e-mail to Comments@FDIC.gov

Dear Mr. Feldman,

As a member of the Community Banking industry for almost 30 years, I feel obligated to write concerning the FDIC's proposed prepayment of assessments.

With the federal government handing out money to almost every large company requesting help, I fail to understand why the Community Banking industry should shoulder such a large burden to replenish the Deposit Insurance Fund. It seems that it wasn't the smaller community banks which caused the problem, but just like during the Savings and Loan crisis, it will be the small community banks which will be forced to make up for the bad decisions made by larger companies. By forcing smaller banks to prepay three plus years' worth of assessments, it will hinder the smaller banks' ability to pay and retain competent employees. In our institution alone, the estimated prepayment is approximately $1,090,000. This amount is approximately 62% of our institution's entire annual compensation expense, approximately 11 years worth of contributions to our employees' ESOP, and more than 13 years worth of expense for our employees' stock recognition plan.

In May 2007, our institution received a one time assessment credit of approximately $240,500. At that time, our quarterly FDIC assessment, based on an assessment base of $160,540,000, was approximately $20,000. At June 30, 2009, with an assessment base of $148,667,000, our quarterly FDIC assessment was approximately $69,575. Even though our assessment base has decreased almost $11.9 million over the last two years, our quarterly assessment increased over 245%. Now, the FDIC wants to calculate our prepaid assessment assuming that our assessment base will increase 5% per year over the next three plus years.

In the FDIC's "Frequently Asked Questions on Prepaid Assessments", it states "Prepayments of assessments would ensure that the deposit insurance system remains directly industry-funded and it preserves Treasury borrowing for emergency situations." With insurance companies, auto manufacturers, and other companies receiving federal funding, and the number of banks failing, **ISN'T THIS AN EMERGENCY SITUATION?**

If the FDIC were forced to draw on its line of credit with the Treasury, it may force the FDIC to be run more like a business than a government entity. The FDIC may be forced to “tighten its belts” and be “fiscally responsible”. Perhaps then, you would be forced to see your salary increases, bonuses, health insurance and retirement contributions slashed or eliminated – much like what is being experienced by the smaller Community Banks.

I fully understand that the FDIC sees some institutions as “too large to let fail”, but if 1,000 smaller Community Banks failed, who would pay to save the larger banks?

Sincerely,

Keith A. Simpson
Vice President and Chief Acct. Officer
West View Savings Bank