To: Comments
Subject: 12 CFR Part 327 RIN PREPAID ASSESSMENTS

Tioga State Bank is an independent, community bank in upstate New York. Our institution has been a part of the FDIC since its inception. Our FDIC # is 9410. Our holding company RSSD # is 1048858. We are a conservative bank driven by sound principles and strong underwriting. Our recent loan problems have been very minor and our current delinquency rate is approximately .70%.
Personally, I have been a strong supporter of the FDIC and their recent leadership under fire. Now I am starting to think that the FDIC really does not understand the situation we, the thousands of banks like TSB, are in. To say that "the FDIC believes that most of the prepaid assessment would be drawn from available cash and excess reserves" seems to imply poor management of our Assets and Liabilities. We do not have millions of dollars of excess funds lying around in cash waiting to send to the government. This payment would require us to move funds from an earning asset into a non-earning asset. This, in turn, affects our income and our capital. The impact on income could impact our CAMELS rating as well as employee bonuses and shareholder dividends. I am disappointed that we have not been offered a discount on the out year payments, which is common practice in any long term prepayment agreement. Also, if we maintain a conservative, safe profile for the next 3 years, we will most likely have money left over. However, we will not get it back for 2 years after that. In the meantime, those banks that grow quickly and take on more risk will certainly not have to wait 5 years to utilize their funds. This proposal is quite insulting to those of us who have managed our books and honored the meaning of safety and soundness for our customers.

What alternative would I suggest? The same suggestion I made for the special assessment. **Have banks purchase bonds from the FDIC.** The answer I received during the comments on the special assessment was that this could not be done because it would not impact the DIF. Your proposal, to my understanding, also does not impact the DIF. You would still have an asset and a liability on your books. We, on the other hand, would move funds from one earning asset to another earning asset and we would be fairly compensated for the use of our money. Go ahead and make it mandatory! Bankers know your situation is real and we truly want to be part of the solution. We just don't want to be taken advantage of.

One last thing. Please do not slip an eleventh hour concession in for the big banks. This seemed to have happened when the special assessment was capped at the very end of a very long process which left most of us with a "trampled" feeling. Once again, the big banks prevailed and the small banks took it on the chin.

We hope you will do what is right.
Sincerely,
Anne McKenna
SVP, Finance & Control
Tioga State Bank
One Main St., P.O. Box 386
Spencer, NY 14883