From: Jeannie G. Richardson [mailto:JRichardson@grandviewbank.com]
Sent: Monday, March 02, 2009 11:07 AM
To: Comments
Subject: proposed special assessment

Please allow me to comment on the proposed special assessment voted on by the FDIC on this past Friday.

I have been involved with community banks in Texas for over 36 years now both as an employee and as a shareholder. And I was here through what we Texas bankers call "the war of the 80's" and believe me, those of us that paid the price for the irresponsible lending practices of the S&Ls and other bank failures in our state during this time remember well what a bitter pill that was to swallow. So here we are, after continuing to operate our community banks in a responsible and productive way; even under the extraordinary cost of the same regulatory compliance as banks more than ten times our size; facing, YET AGAIN, the prospect of being punished for a deed we not only didn't participate in, but could do nothing to control. Except this time is different – we must watch while, on a daily basis, banks that we compete with daily like Citibank and B of A get billions of OUR TAX DOLLARS as a handout for making bad decisions and that still isn't enough. Now the FDIC wants to remove even more capital from the banking system by this onerous and burdensome special assessment and continued raising of the assessment rates ON ALL BANKS! What sense does this make? Community banks are getting hit from every angle. The new corporate tax structure coming under the new administration will hit our industry hard; margins are already shrinking to a point that has greatly impacted our bottom lines due to the greed and mismanagement of Wall Street banks that <u>had all the powers of a "real bank" but none of the oversight</u>; the hard working people of Small Town America that we serve are losing jobs and value in their retirement accounts and property to the point they can't pay loans so community banks are seeing their loan losses increase <u>AND WE HAVE PLANNED FOR THAT AND HAVE INCREASED OUR LOAN LOSS RESERVES ACCORDINGLY WHILE NOT ASKING THE GOVERNMENT FOR A THIN DIME!!!</u> And the final blow came on Friday with the announcement of the FDIC vote to assess all banks a 20 cent per $100 insurance premium on top of the dramatic increase in the assessment rate that we are still trying to figure out how we are going to pay. For the $90 million bank I work for and also own stock in, this means we write a check for $160,000 which translates to 14.5% of our projected AFTER TAX earnings for this entire year! Along with our quarterly assessment, that would mean that Grandview Bank would pay the FDIC in excess of a QUARTER MILLION DOLLARS during 2009. Surely the FDIC can see how this action will dangerously impact the franchise value of community banks as well as the viability of the customer base that we serve.

As an officer and shareholder of two community banks in Texas that did not take (nor did we want) TARP money, this proposed FDIC action is an absolute slap in the face of prudent and sound management. It's not like we didn't see higher assessment rates coming when the proposal to raise FDIC coverage to $250,000 was floated in connection with the FIRST bailout package. The general public may have seen this as a gift from the government, but we bankers knew who would actually pay the freight on that one. But honestly, I NEVER could have imagined the magnitude of the disproportionate share that community banks would be forced to bear. What would be wrong with the Treasury taking some of the money it is throwing at AIG, Citi and B of A and replenishing the DIF? Or, assess the banks that took TARP money and let those of us that said "no, thanks" get on with our plan for weathering this economic storm we have been thrown into. The "too big to fail" issue has always been a stigma for community banks…and "we get it." We are not, individually, big enough to cause a ripple in the economy or for that matter, Washington. But as a whole unit, we are. And this proposed assessment will without a doubt be caustic to our sector of the banking industry as a whole.

Extraordinary circumstances call for extraordinary actions and I understand that we are in extraordinary times – uncharted waters. Which is why I am asking the FDIC to consider the consequences of this proposed action. The questions that begs an answer is this: Is the money needed to replenish the DIF actually more than a drop in the bucket to the national debt being created to bail out the big guys that are responsible for this mess? I can guarantee you that the general consensus of the banks that serve Main Street America is that this assessment would be a virtual tsunami.

Jeannie G. Richardson
Senior Vice President & Cashier
Grandview Bank
P.O. Box 449
105 E. Criner St.
Grandview, TX 76050