

March 9, 2009

Gentlemen:

I appreciate the opportunity to comment on the FDIC's interim rule that would impose a special assessment of 20 basis points in the second quarter of 2009.

We at DeMotte State Bank fully support the view of the FDIC that we need a strong, financially secure fund. This will maintain the confidence that our depositors have in the banking system. However, the way this is approached will have consequences to our bank and our community.

When I came to work on Friday, February 27, my greeting was an e-mail alert from our broker stating the FDIC's intent of not only raising our deposit premiums, but an additional one-time assessment of 20 basis points. The special assessment alone will cost our bank \$500,000.00 in 2009. That amount represents 15% of our budgeted earnings for 2009. How do we explain this to our employees and shareholders? We have enough surprises on a daily basis, and this one only creates more problems for us and our community. The special assessment will take an estimated \$5 million in loans out of our community.

We continue to pay for the sins of those institutions that made bad decisions. Their risky decisions took business from us over the years. Now, we are asked to bail our competition out. This is reminiscent of the premiums we pay for the savings and loan debacle which we didn't create. Our reward in this case will be increased overhead coupled with continued competition that is being helped at our expense because they are deemed too big to fail. Why do main street banks have to help reward those who made short-term decisions for financial gain?

The cost of this assessment is so high that it is a disincentive for us to raise new deposits. Few deposits translates into fewer loans for our community.

We are also forced to look for ways to lower the impact of this assessment. Our ability to make charitable contributions will be limited (something we have year-after-year). Further, we are considering job reductions to help pay for the assessment. Our building plans for a new operations center have been put on hold.

I guess what all this boils down to is fairness. To be notified that we are going to experience a \$500,000.00 expense after your budgets are complete, is that fair? To ask our shareholders and communities to shoulder the burden of Wall Street, is that fair? To fund loan losses, created by the economy due to the actions of the large financial institutions, is that fair? To pay an assessment that is due to the actions of the large financial institutions, is that fair? Finally, to paint prudent banks as the "bad guys" to our communities, is that fair?

I would encourage the FDIC to explore ways to lay these costs at the feet of the guilty, the "too big" to fail. I urge you to take action so as not to further harm those institutions who did not create the problems in our economy.

Sincerely,

Donald E. Goetz
President & CEO
DeMotte State Bank