

March 3, 2009

Sheila Bair
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20459

Dear Chairman Bair:

I am writing to express my strong opposition to the interim rule (RIN 3064-AD35) imposing a 20 basis point special assessment on community banks. Our institution has operated safely and soundly, and unlike the giant banks deemed too-big-to-fail, we did not contribute to our nation's economic and financial crisis.

Our regular assessment has already been increased several-fold, and now this special assessment will adversely impact our earnings this year by an additional 30 to 50% or more. What a price to pay for good behavior. Enough is enough! The responsibility for replenishing the FDIC fund should be borne by the largest banks whose excessive and reckless risk-taking has sent shock waves through our economy.

Community banks are well-capitalized and have money to lend to credit-worthy borrowers. At a critical time when our citizens and small businesses need access to credit, this special assessment will not only compromise our capital but also reduce available credit. There are more justifiable options.

First, the FDIC has a \$30 billion line-of-credit with the U.S. Treasury that it should access for all or part of its immediate needs. The public will understand because they only care that the FDIC remain liquid. They have already witnessed the Treasury's massive capital infusions to the TBTF banks, AIG, Fannie, Freddie, and the large auto makers. For any subsequent special assessments that may be needed, the FDIC should encourage Congress to authorize the FDIC to levy a special assessment on the TBTF banks.

Second, the FDIC could assess premiums based on total assets, both foreign and domestic, rather than on domestic deposits. The banks that are responsible for our economic crisis would then shoulder the brunt of the assessment. If implemented, the FDIC should encourage FASB to allow banks to take the special assessment over a period of four years.

Thank you for your consideration of these comments.

Sincerely,
[Banker]
Community Bankers Association of Illinois