



February 17, 2010

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429-9990

Mr. Feldman,

I would like to thank you for the opportunity to provide comments on the Federal Deposit Insurance Corporation's ("FDIC") January 12, 2010, Advance Notice of Proposed Rulemaking (ANPR) concerning incorporation of employee compensation criteria into the risk assessment system. After consideration of the principal components of the ANPR, SpiritBank has the following comments to submit for your consideration.

First, SpiritBank is in support of the principal that incentive compensation arrangements at financial institutions should not encourage undue risk taking that could materially threaten the safety and soundness of the bank. However, we feel that the best resolution to concerns with said compensation systems is strong internal risk management and corporate governance. It is the responsibility of organization to determine how best to structure compensation arrangements and manage the risks, if any, associated with those arrangements. While your proposal may state that it allows banks the flexibility to set their compensation without limits, it establishes costly penalties that will limit that flexibility and result in regulation of compensation.

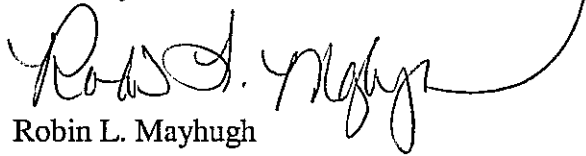
Additionally, proposed incentive compensation guidance was recently issued by the Board of Governors of the Federal Reserve System (FRB). The guidance places focus on compensation plans in the safety and soundness exams, and the resulting CAMELS rating which is already used by the FDIC in determining a financial institution's deposit insurance assessment. Under the approach contemplated in the FDIC's ANPR, banks that cannot attest to meeting the FDIC's stated compensation system criteria would receive either a negative adjustment, or disallowed a positive adjustment, to their deposit assessment rating. It is our opinion, and concern, that the FDIC's proposal can have the effect of penalizing banks twice for compensation systems that do not meet the FDIC's criteria if implemented along with the FRB's guidance. Furthermore, there is concern that the final guidance published by the FRB and the FDIC's rules may not only twice penalize certain banks, but that they may be inconsistent.

The precedent set by this rule is also troublesome. Adjusting deposit assessment rates directly for various risk components that are already considered in the CAMELS ratings indicates inconsistencies and lack of cooperation in the regulatory agencies for which bank's should not be penalized. In our opinion, the banking industry would be better served by interagency coordination and consensus. We feel that it is appropriate for examiners to look at the risks and risk management of compensation systems in the safety and soundness exam. In our opinion, the inherent risk of these systems, and the mitigation of such risk, should be considered in the financial institution's CAMELS rating, without an additional adjustment in the institution's FDIC assessment rating.

Furthermore, there are issues that require further consideration in the compensation system goals identified in the ANPR. Tying compensation to stock based programs is not feasible for many banks. Additionally, having third parties involved in the compensation plans adds additional costs and administration for banks. Finally, the criteria for meeting the FDIC's goals should not impair a banking organizations' ability to retain and attract talented employees. Compensation arrangements serve to attract and to retain skilled staff and promoting better firm and employee performance. Financial institutions should be able to determine which incentive compensation plans potentially pose risks to the safety and soundness of the organization and should be subject to the firm's risk management, control and corporate governance processes, not strict regulatory guidelines that limit flexibility.

In conclusion, we believe the ANPR should be withdrawn for the reasons that have been presented. Also, without the benefit of having the Federal Reserve's final guidance, making informed comments on inconsistencies is not possible at this point and any rule making by the FDIC that could be conflicting and/or redundantly punitive is premature.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robin L. Mayhugh", with a long, sweeping flourish extending to the right.

Robin L. Mayhugh
EVP Operations