

July 18, 2023

James P. Sheesley
Assistant Executive Secretary
Legal Division
Office of the Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Subject: May 22, 2023 Special Assessments Pursuant to Systemic Risk Determination-Notice of Proposed Rule Making: Comment Request

To the Board of Directors of the FDIC:

I am writing to comment on the FDIC's Notice of Proposed Rulemaking to impose a special assessment to recover losses to the Deposit Insurance Fund related to the failures of Silicon Valley Bank and Signature Bank of New York. [Notice of Proposed Rulemaking on Special Assessment Pursuant to Systemic Risk Determination, Federal Register Vol. 88, Page 32694.]

As President of MainStreet Bank, a \$2 billion-asset bank in Fairfax, Virginia, I strongly support the proposal to exempt community banks under \$5 billion in total assets from this special assessment. I commend the board and staff of the FDIC for recognizing that the business practices of community banks bear no resemblance to the risk-taking behavior that resulted in large bank failures in the spring of 2023.

MainStreet Bank has the honor every day to support the banking and credit needs of a diverse community of businesses, nonprofits, government entities, and individuals. Our bread-and-butter customer is the small business owner, and our ability to meet their credit needs would be hampered if we were subjected to the special assessment.

Insured depository institutions like MainStreet Bank are absolutely vital to the flow of credit to businesses, nonprofit organizations, and individuals. And we are present through thick and thin—we don't "exit markets" like big banks are prone to do when the economy shifts. We look instead for ways to meet clients' needs prudently and with an eye on risk.

Banks that serve businesses are bound to have some uninsured deposits on their books, because businesses can't function without maintaining bank accounts to cover large, recurring expenses such as payroll. But this does not excuse reckless behavior like we saw at Silicon Valley Bank. At MainStreet Bank, we take pains to counsel our customers on ways to ensure their deposits are structured in such a way as to maximize their deposit insurance coverage, as permitted by law.



At the end of the first quarter of 2023, our uninsured deposits totaled approximately \$504 million. A substantial portion of these deposits belong to business customers that maintain consistent balances to fund operational needs. The impact of a 12.5 basis point assessment on our uninsured deposits would be approximately \$630,000. Bearing this cost would be a real hardship and would result in less lending and increased fees to borrowers.

I began my banking career nearly 40 years ago in Somalia and arrived in the United States in 1996. I have worked in very large banks and, since joining MainStreet Bank in 2006, at a true community bank. If I may say so, the federal deposit insurance system in the U.S. has long been the envy of the world. It is important to replenish the Deposit Insurance Fund, but it is equally important to do so without crippling community banks, which are such a vital engine of economic growth and prosperity.

Thank you for creating a solution to the Deposit Insurance Fund's shortfall that exempts community banks from the heavy burden of recapitalizing the fund. I appreciate the opportunity to comment on this critical issue.

Sincerely,



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President

