To: Comments
Subject: RIN 3064-AD35

Thank you for the opportunity to comment on the recently proposed FDIC 20-cent special assessment.

The proposed FDIC 20-cent special assessment would have a crippling effect on my bank and seriously hinder my ability to assist my community with recovery from the current economic crisis. I would have no other choice but to consider reducing staff and restricting my lending and other services to my community in response to this unfair expense burden. Furthermore, I believe that the result of this special assessment in addition to the proposed increase in the scheduled deposit insurance assessment will jeopardize the very existence of some of the nation's 8,000 community banks.

I understand and support the need for a strong FDIC reserve fund. However, my bank and the other community banks across the country did not participate in the activities that led to the current economic crisis and depletion of the reserve fund. Yet, my bank and these same community banks, while in the best possible position to assist with the recovery, will in fact find themselves impaired with an additional expense that, for some banks, will account for as much as 100% of their expected income for 2009. The combined assessment will amount to 41% of my projected net income for the year.

The FDIC should:

- Revise the assessment formula to bring more equity to the process by assessing those who through their size and complexity of their business practices bring significant risk to the reserve fund today and in the future. If you are 90% of the problem, you should be 90% of the solution.

- Recognize the unfair burden on smaller community banks and put a "cap" on the assessment for banks below a certain size.

- Provide community banks with the opportunity to pay their fair share of any increased assessments over an extended period of time. FDIC was given an extension to restore the fund from five to seven years. Pass along that valuable time consideration to community banks.

- Vigorously encourage Congress to tap temper funding from the Treasury to assist with re-capitalizing the insurance fund, giving community banks time to strengthen their balance sheet and allow local lending activities to continue (and grow) to help stimulate the economy.

The increased burdens of the proposed FDIC insurance assessments come at a time when my bank and other community banks can least afford it. It will not only prevent us from being the nation's best solution to the economic crisis, but may very well position us to be another element of the crisis. Please explore every opportunity to prevent this from happening.

Sincerely,
State Bank of Faribault