

FLORIDA BANKERS ASSOCIATION

July 12, 2010

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th and Constitution Avenue, NW
Washington, D.C. 20551

The Honorable Sheila Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

The Honorable John E. Bowman
Acting Director
Office of Thrift Supervision
1700 G Street, NW
Washington, D.C. 20552

The Honorable John Dugan
Comptroller of the Currency
250 E Street SW
Washington, D.C. 20219

Dear Chairman Bernanke, Chairman Bair, Comptroller Dugan and Acting Director Bowman:

As the BP Oil Spill heads into Day 81, oil has begun to wash ashore in Florida. The equivalent of a long lasting economic disaster has already struck our state.

One of Florida's main economic engines is tourism which is driven by our sun, weather, and pristine beaches. The tourism industry, which includes hotels, resorts, restaurants, retail stores, and the like, and those who work in the industry are good customers of our member banks.

News stories over the last week have shown oil hitting Florida beaches. With every day that passes and continued media reports of oil hitting our beaches, hotel reservations are being cancelled throughout Florida. With these cancellations, not only will the rental units suffer, but so will the restaurants, retail outlets, and other establishments that cater to tourists and those who service the tourists. Additionally this disaster is also impacting our real estate sales just as we were starting to recover from one of our country's worst recessions.

The loss of jobs and business to our commercial and residential customers will affect our industry when otherwise good customers stop paying their loans. A bank can only be as good as the community it serves. This oil spill crisis will decimate our communities, first in the Panhandle and then around the state as the oil spill spreads. Furthermore, no one knows how long this will last.

Assuming the oil well is capped this summer, oil could continue to wash ashore and severely injure our tourist economy for an extended length of time.

A recent Moody's report on the potential impact of the oil spill warns it could hurt Florida on a major scale, causing a double-dip to Florida's economy as we are trying to recover from one of the country's worst recessions. Furthermore, Dr. Sean Snaith, Director of the University of Central Florida's Institute for Economic Competitiveness, issued a study that stated, "If the Gulf Coast counties lose just 10 percent of their tourism and leisure jobs and spending due to the spill, the estimated statewide losses would still be nearly 39,000 jobs and \$2.2 billion in spending." The study concluded that Florida that losses could total 195,000 jobs and \$10.5 billion in spending for the State. (Emphasis added.)

The Florida Bankers Association (FBA) is working hard to help our members weather this new economic crisis. We appreciate FDIC Chairman Sheila Bair sending her regional director, Tom Dujenski, to Florida to tour our Panhandle beaches later this month and then to meet with our members in a town hall meeting setting. We thank FDIC Chairman Bair and Regional Director Dujenski for taking the time to do this.

We request that the other federal regulators follow the FDIC's lead and send their regional directors to the Panhandle to tour the beaches and meet with our members. The FBA believes that you will learn more seeing the beaches and hearing from our members firsthand than you will by reading reports or watching the media coverage.

The FBA asks that the federal regulators and their examiners work with our members during this economic crisis caused by the oil spill. We ask that you:

1. Institute an immediate 12 month suspension on higher capital requirements for Florida banks. Recently I met and spoke with investment bankers in New York and elsewhere who informed me that there is a definite chilling on raising capital for Florida banks in light of the BP oil spill. I do understand the job your offices have to do and realize that you must close or place banks under regulatory orders. But unless we work together in giving our banks more time to work through this oil crisis, after we have been trying to get through one of nation's worst recessions, we will have massive small business and even more bank failures causing a steep increase in unemployment not only in Florida but in the Gulf States region as well and further substantial losses to the deposit insurance fund;

2. Institute an immediate 12 month suspension on the use of appraisals for loans. As the oil spill intensifies, there will be no accurate way for an appraisal to accurately reflect the true worth of the property over a long term horizon;
3. For the next 12 months, minimize the number of orders placed on banks such as cease and desist orders on the raising of capital that require public disclosure. As more and more orders are released to the public, there is a further chilling to capital coming into Florida; and
4. The collective influence of your offices should be used to include banks impacted by the oil spill crisis in the BP claims process.

I cannot emphasize enough how much this oil spill is effecting Florida's economy. We hope that you or your regional director will follow the FDIC's lead and tour Florida and meet with our members to discuss the oil spill. The FBA also hopes that you will implement the four requests listed above to help Florida's economy and banks. The FBA and its members look forward to working with you on these recommendations and in any other way you may suggest to help our members weather this new economic storm.

As always, the FBA stands ready to assist you in this effort. Please contact me if you have any questions or comments.

Thank you and hope to see you soon.

Sincerely,



Alex Sanchez
President and CEO

Cc: U.S. Senators Bill Nelson, George Lemieux
Governor Charlie Crist
Florida's Congressional House Delegation
Florida Cabinet
The Honorable Jeff Atwater, Florida Senate President
The Honorable Larry Cretul, Speaker of the Florida House
The Honorable Don Gaetz, Chmn. Florida Sen. Select Comm. on Florida's Econ.
The Honorable Thomas Dujenski, FDIC Atlanta Regional Director