From: Travis Holt [mailto:tholt@csbloyal.com]
Sent: Monday, March 09, 2009 3:26 PM
To: Comments
Subject: Assessments - Interim Rule - RIN 3064-AD35

Dear Ms. Bair:

First of all, I commend you and all of the FDIC staff for their work during these extraordinary times. With regard to the funding of the insurance fund, I would encourage FDIC to revisit its current plans to assess banks 20 bps on deposits in addition to their regular, risk-based assessment. While I understand the need for the insurance fund and agree with the risks stated in the interim rule if the fund is allowed to be depleted, this significant increase in FDIC insurance premiums at a time when margins are being squeezed will only lengthen the period of time needed for economic recovery.

I would encourage FDIC to spread the proposed assessment over the span of five years. In addition, I would encourage even greater expansion of assessment premiums based upon the risk that an institution has against the fund. Clearly, a rapidly growing institution that funds its assets with higher cost deposits and borrowings poses a larger risk to the insurance fund than an institution with consistent growth and well-managed funding sources. In addition, FDIC and the other regulatory agencies should reexamine the current CAMEL ratings systems to see if the distribution that they exhibited two or three years ago corresponds to the actual results of the past year. I would suspect that the current rating system dramatically understated risk. The end-result should be a rating and assessment system that forces the “pain” of funding the insurance pool unto those institutions that are most likely to use the fund.

Thank you for your consideration of these comments.

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