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800 Nicollet Mall
BC-MN-H18T
Minneapolis, MN 55402

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
Attention: Comments
550 17th Street, N.W.
Washington, DC 20429

March 30, 2009

Re: Interim Rule Regarding Assessments
RIN # 3064-AD35

Dear Mr. Feldman:

U.S. Bancorp, the parent company of the sixth largest commercial bank in the United States, with over $266 billion in total assets, appreciates the opportunity to comment to the FDIC Board Members and Staff on the recent Interim Rule (74 *Fed. Reg.* 9338 posted on March 3, 2009, the "Interim Rule") regarding the special assessment of 20 basis points in the second quarter.

We have significant concerns with the Interim Rule. The banking system is an essential part of our economic recovery and this special assessment comes at a time when banks are trying to preserve and build capital. The special assessment, as it is currently proposed, could lead to a further constriction of lending by weaker financial institutions and would undermine the efforts of the current administration to shore up public perception of the strength and stability of our financial institutions.

Our principal comments are to request that the FDIC:

- **Reduce the special assessment of 20 basis points.** There will be a significant impact on bank earnings due to the special assessment. The special assessment is a significant expense in addition to the increased quarterly assessments and Temporary Liquidity Guarantee Program ("TLGP") premiums. This is a poor time to impose a charge that will necessarily have a significant negative impact on the earnings of financial institutions, given the current importance of shoring up investor and consumer confidence in the strength and stability of these institutions.

- **Increase and draw down the FDIC's line to the U.S. Treasury.** An increased line to the U.S. Treasury would provide funding without any negative effects to the banking system. If needed, the U.S. Treasury can act as the short term liquidity provider. Over the long term, assessments on banks will replenish and fund the Deposit Insurance Fund ("DIF").

- **Use the revenue that is being collected from the TLGP to partially fund the special assessment.** There is significant revenue being generated by the TLGP that can be used to recapitalize the DIF. The fees generated by the extension of the TLGP would allow the FDIC to further recapitalize the DIF. It is understood that under amendment RIN 3064-AD37 certain surcharges will go toward the funding of the DIF; however, a larger percentage of the TLGP premium should be allocated to the DIF.

- **Extend the period to restore the DIF's reserve ratio from seven to ten years.** As mentioned in the Interim Rule, the FDIC has extended the amount of time that the DIF's reserve ratio must be greater than or equal to 1.15% from five years to seven years. However, given the significant negative impacts of the special assessment on financial institutions, it is recommended that the time period allowed to restore the ratio be extended from seven to ten years. Given the significant strains currently being experienced by banks, as well as with the possibility of a prolonged recession, it would be reasonable to further extend the restoration period and avoid additional negative impacts on our banking system.

We urge you to take these suggestions into consideration when the Board meets in April to finalize the special assessment rule. We appreciate the opportunity to submit our views and would be pleased to discuss our comments with you at your convenience. Please contact me at (612) 303-4159 with questions or if you need additional information.

Sincerely,

Kenneth D. Nelson

Kenneth D. Nelson
Executive Vice President and Treasurer