From: Mike Rossi [mailto:mike.rossi@nexbank.com]
Sent: Tuesday, March 03, 2009 3:43 PM
To: Comments
Subject: Assessments - Interim Rule - RIN 3064-AD35

Thank you for the opportunity to comment on this proposed rule. I'm sure there will be no shortage of comments, so I'll try to keep mine brief.

To address your requested topics numerically:

1. ***Should the Special Assessment be other than 20 bps?*** Yes. It should be 0 bps for the smaller institutions who didn't create this problem.
2. ***Should there be a maximum assessment rate?*** Yes. Banks are lucky to make a return on assets of 1%. Accordingly, in order to ensure capital accretion at banks, the cap on FDIC premiums should only be a fraction of this amount. 10-15 bps for healthy banks, and 20-25 bps for lower-rated banks seems more appropriate.
3. ***Should weaker institutions be exempted from the special assessment?*** There should be no "special assessment." The first step to solving this dilemma is to recognize that this economic & banking crisis is everyone's responsibility. It was not caused by the banks any more than it was caused by irresponsible home buyers, or Congress which pushed its "home-ownership-for-everyone" agenda. How can we charge a capital-depleting assessment at the very time we're trying to build capital reserves at banks? Did America's banking system learn some lessons as a result of this crisis? Of course. Banks should never have been allowed to get "too big to fail." We can solve the "too-big-to-fail" problem once this crisis passes, but we shouldn't deplete bank capital in the mean time.
4. ***Should special assessments be assessed on assets or some other measure?*** Again, there should be no special assessment. We need to recognize that a healthy, privately-owned banking system is crucial to the recovery of the nation. Once we can all rally behind this concept.....instead of trying to punish banks, limit banker compensation, etc.....only then will we be able to craft a workable solution to this dilemma.
5. ***Should there be special assessments of 10 bps?*** While this is much more palatable than 20 bps, the concept of "special assessments" should be tabled until bank capital levels are stabilized.
6. ***Should FDIC assessments take into account the assistance being provided to systemically important institutions?*** Yes. If a Special Assessment is levied, the "too-big-to-fail" banks should pay this entire assessment. The ultimate irony here is that the Large Complex Financial Institutions (LCFI's), who are receiving extraordinary support from the Treasury, are at the very same time experiencing record low cost of funds and record deposit growth. They can afford 20-30 bps in FDIC premiums.....because they're paying less than 1% to their depositors. Why? Because the American consumer knows that these banks are, in fact, too big to fail.

We've quantified the potential impact of the proposed assessments on our institution's FDIC premiums. We paid approximately $230,000 in FDIC premiums in 2008. In 2009, our premiums will be $1.3-1.4 million. That's a very tough pill to swallow, especially at a time when the country needs its banks to be strong, well capitalized & confident.

Chairman Bair's letter mentions the need for banks, not taxpayers, to pay for the replenishment of the FDIC insurance fund. In ordinary times, she is absolutely correct. But, these are not ordinary times, and the current economic dilemma will only be solved if we can keep the banking system strong.

Sincerely,

Mike Rossi

Mike Rossi, Chief Financial Officer
NexBank Capital, Inc.
13455 Noel Road, 22nd Floor · Dallas, TX 75240