*Lynne Pierson Doti 19252 Mesa Drive Villa Park, CA 92861*

November 13, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Attention: Comments – RIN No. 3064-AD35

Re: Notice of Proposed Rulemaking – Deposit Insurance Assessments

Dear Mr. Feldman:

I am a director of Plaza Bank, Irvine, CA and Professor of Economics at Chapman University. I am writing to express my concern about the FDIC's proposed rule concerning deposit insurance assessments.

I have been teaching banking since 1972 and have researched the effects of changing regulations since the mid 1970s. In addition to being a director and organizer of Plaza Bank, my banking experience included three years as a director of Eldorado Bank.

The regulation cited above would increase the cost of funding for financial institutions that use FHLB advances. At a time when such funding has been a consistent, reliable source of liquidity for our bank and others, a regulation that discourages appropriate borrowing or that increases the cost of borrowing from Federal Home Loan Banks is counterproductive. The problem in the current crisis is a lack of borrowing and lending.

I strongly encourage the FDIC to withdraw its proposal to provide more time for analysis and review. Penalizing the use of FHLBank funding is contrary to the current efforts by the Administration, Congress and the Federal Reserve to restore liquidity and bolster confidence in the financial system. Because the markets are extremely volatile and uncertain, a rule like this could result in a host of unintended negative consequences. At a minimum, delaying the rule's implementation as it relates to Home Loan Bank advances until the markets settle makes the most sense. The facts that motivated the creation of the rule in the beginning may no longer be relevant.

While there is an obvious need to keep the deposit insurance fund strong, after assessing this proposed regulation, I believe the FDIC should utilize its "extraordinary circumstances" authority to extend the proposed five-year period of time required to restore the Deposit Insurance Fund. Alternately, it would be sensible to augment the fund from other sources such as the Troubled Assets Recovery Plan (TARP) to limit unnecessary stress on insured depository institutions.

I strongly urge the FDIC to maintain its current assessment formula and revisit this issue in the latter part of 2009, allowing time for the full array of deposit insurance related issues to be better considered, The FDIC should delay implementation of any risk-based premium adjustments to coincide with the extension, modification or expiration of these temporary measures. By waiting until the end of 2009 to revisit this issue, Congress and other policymakers will be able to consider changes in deposit insurance premiums within the context of a comprehensive review of deposit insurance.

The Federal Home Loan Banks have been a reliable and predictable source of funding for banks like mine for more than three-quarters of a century. It's a system that's been working well and is proving the wisdom of its design and its value in the current economic crisis. There is no reason to change it now.

Increasing the cost of Federal Home Loan Bank advances and funding would further disrupt current efforts by the administration, U.S. Congress and the Federal Reserve to restore liquidity and bolster confidence in the market.

Sincerely,

Lynne P. Doti

Lynne Pierson Doti
David and Sandra Stone Professor of Economics
Argyros School
Chapman University