From: Steve Fopma [mailto:SFopma@LeightonBank.com]
Sent: Wednesday, September 30, 2009 11:17 AM
To: Assessments
Subject: Comments on Proposed Prepaid Assessment

Dear Sir or Madam:

A few quick comments in red below on the proposed prepaid assessment ruling:
The FDIC seeks comment on all aspects of the proposed rule. The FDIC specifically requests comment on the issues set out below, including the reasoning for the commenters' positions.

1. As an alternative to prepaid assessments, should the FDIC meet its liquidity needs by imposing one or more special assessments?
   NO
2. Should the FDIC pursue one or more of the other alternatives to the prepaid assessments, such as borrowing from Treasury or the FFB?
   NO – BORROWING CAPACITY SHOULD BE MAINTAINED AS A LAST RESORT OPTION
3. Should prepaying assessments be voluntary rather than mandatory as currently contemplated, and, if so, how would the FDIC ensure that it receives sufficient cash to fund resolutions of failed insured depository institutions? (If prepayment of assessments were optional, the FDIC believes that it would affect the accounting treatment as a prepaid expense.)
   NO – THE ASSESSMENT SHOULD BE MANDATORY ACROSS ALL INSTITUTIONS
   <u>HOWEVER – INSTITUTIONS THAT DO PAY AND ARE ABLE TO PAY SHOULD PAY AT A PRESENT VALUE CALCULATION AND THOSE THAT PAY LATER SHOULD THEN PAY AT A FULL ASSESSMENT BASIS.</u>
   <u>ALTERNATIVELY IF INSTITUTION PREPAY A FULL ASSESSMENT AMOUNT THEN INSTITUTIONS THAT ARE DEEMED UNABLE TO PAY NOW AND ARE ALLOWED/REQUIRED DEFER THEIR PAYMENTS TO LATER SHOULD THEN LATER HAVE TO PAY AT A HIGHER ASSESSMENT RATE THAN DID THE INSTITUTIONS THAT HAVE PREPAID.</u>
   THE SIMPLE ISSUE IS THAT SOMEHOW THERE HAS TO BE A TIME VALUE PLACED ON THE MONEY THAT IS PREPAID AND CREDIT FOR THAT VALUE GIVEN TO INSTITIONS PREPAYING OR ALTERNATIVELY TACKED ON TO THOSE DEFERING PAYMENT TO LATER. THE TIME VALUE SHOULD BE PUNITIVE TO THOSE DEFERING PAYMENT.
4. For purposes of calculating the prepaid assessment, should the FDIC estimate the growth in the assessment base at a rate other than 5 percent for 2009, 2010, 2011 and 2012? Should the FDIC use different assessment rate assumptions than those proposed?
   A MORE LOGICAL APPROACH WOULD SEEM TO BE ASSESSING A FUTURE GROWTH RATE ON DEPOSITS BASED ON THE HISTORICAL GROWTH RATE IN DEPOSITS OF A PARTICULAR INSTITUTION OVER THE PAST THREE YEARS RATHER THAN DUMPING EVERYONE IN A 5% GROWTH RATE TRACK.
   FOR EXAMPLE – AN INSTITUTION THAT HAS BEEN GROWING DEPOSITS 10% A YEAR THE PAST THREE YEARS WOULD PAY ASSESSMENT BASED ON A PROJECTED 10% INCREASE GOING FORWARD.
5. As proposed, the FDIC would require prepayment of estimated assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012 based on its current liquidity needs projections. Should the FDIC require prepayment of estimated assessments over a different period or in installments?
   THE PROPOSAL IS ACCEPTABLE.
6. Should the FDIC's Amended Restoration Plan incorporate a provision requiring a special assessment or a temporarily higher assessment rate schedule that brings the reserve

ratio back to a positive level within a specified time frame (one year or less) from January 1, 2011, when the FDIC projects industry earnings will have recovered?
THAT SHOULD BE RETAINED AS AN OPTION AVAILABLE TO THE FDIC – WITH A DECISION DEFERRED UNTIL WE KNOW MORE ABOUT THE HEALTH OF THE INDUSTRY.

Steve Fopma
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