Northampton Cooperative Bank

In the community, for the community.

William T. Stapleton
President

October 30, 2009

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 Seventeenth St., NW
Washington, DC 20429

Dear Mr. Feldman:

Re: RIN 3064-AD 49, 12 CFR Part 327

In response to the notice of proposed rulemaking and request for comments published in the October 2 Federal Register, I submit these comments on the Corporation's proposed three-year prepaid assessment plan.

1. As an alternative to prepaid assessments, should the FDIC meet its liquidity needs by imposing one or more special assessments?

No, though the FDIC should preserve an option to charge additional special assessments should the three year prepaid assessment prove insufficient to meet losses incurred.

2. Should the FDIC pursue one or more of the other alternatives to the prepaid assessments, such as borrowing from Treasury?

No. There is sufficient liquidity in the system for the industry to absorb this prepayment. Borrowing funds from the Treasury when the federal government is running extraordinary budget deficits serves neither the industry nor the country.

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?

The prepaid (or special) assessments should be mandatory across all financial Institutions with an appeal process for liquidity-impaired banks.

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?

Yes. I suggest the FDIC use a non-arbitrary rate of growth more closely aligned with likely actual rates of growth, perhaps the rate of inflation. Adjustments could be made annually to reflect actual growth rates. Our bank has rarely grown at a five percent annual rate and it is unlikely we will in the next three years.

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?

I suggest the FDIC consider a five year prepaid assessment to eliminate the possibility of a special assessment in the next two years and to bolster the perceived strength of the FDIC in the public mind.

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 earning will have recovered?

See #5. The Amended Restoration Plan appears to contemplate that insured deposits will revert to the $100,000 level. This is unlikely, thus it will take years to restore the reserve ratio to its proper level, but the sooner it returns to a sustainable, positive level, the better.

Thank you for the opportunity to comment on the proposed rulemaking.

Sincerely,

William Stapleton

William Stapleton
Northampton Cooperative Bank
Northampton, MA