From: Michael Rosswog [mailto:rosswog@wvsbank.com]
Sent: Wednesday, October 21, 2009 12:14 PM
To: Comments
Cc: David Bursic; Jon Hoover
Subject: Fw: FDIC comments re.Prepaid Assessments RIN 3064-AD49

----- Original Message -----
From: Michael Rosswog
To: David Bursic
Sent: Tuesday, October 13, 2009 4:41 PM
Subject: FDIC comments re.Prepaid Assessments

As an alternative to prepaid assessments, the FDIC should meet its liquidity needs by pursuing the option of borrowing from the Treasury or the FFB, instead of relying on the insured depository institutions to prepay their quarterly risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011, and 2012, on December 30, 2009. The reasoning is based on the fact that this is an emergency situation and that is why it preserves Treasury borrowing for these type of situations that occur.

Also, prepaying assessments should be voluntary rather than mandatory as currently contemplated. The FDIC could ensure that it receives sufficient cash to fund resolutions of failed insured depository institutions by utilizing their ability to make up any differences in funds by borrowing from the Treasury.

For purposes of calculating the prepaid assessments and assumptions proposed, the FDIC should consider estimating the growth in the assessment base at a rate other than 5 percent. It would be unfair to those institutions in which their assessment deposit base historically have not increased at a rate of 5 percent. The FDIC should consider alternative measures to base actual variances to better reflect the assessed rate assumptions.

The FDIC should not rely on the prepaid assessments to fund resolutions of failed institutions since they are the ones who have weakened and drained the depository base. This is why the FDIC should take an alternative approach and consider the option of borrowing funds from the Treasury.