



10/28/2009

Robert E. Feldman, Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street N.W.  
Washington, D.C. 20429

Attention: Comments - RIN 3064-AD49  
Subject: Prepaid Assessments – Supplemental Comment Letter

Dear Mr. Feldman:

On October 27, 2009, I submitted a comment letter on behalf of the Community Bankers Association of Illinois (“CBAI”) regarding the FDIC’s proposal to require all insured institutions to prepay estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. That comment letter is attached for your reference.

Based on input that we have received from Illinois community banks that may be negatively impacted by prepayment of three years of assessments, I am taking this opportunity to supplement the comment letter submitted on behalf of CBAI on October 27<sup>th</sup>. CBAI requests that the comments submitted in that letter receive favorable consideration, and we also request the FDIC’s favorable consideration of the following additional points.

First, although CBAI continues to recommend adoption by the FDIC of an exemption or waiver provision that would be meaningful to banks with liquidity issues, we also recommend that the prepayment solution be reduced and implemented as a two-year prepayment proposal (i.e., the fourth quarter of 2009 plus all quarters for 2010 and 2011) instead of a three-year proposal. Limiting the prepaid assessments at the inception of the plan to two years would provide substantial relief to community banks that may already be encountering earnings and liquidity issues in today’s economic and regulatory environment. The FDIC could reserve the option to add a third year of prepaid assessments if the FDIC is able to determine during 2010 or 2011 that the Deposit Insurance Fund would again be underfunded and prepayment of 2012 assessments would be necessary to replenish the DIF.

Second, community bankers representing Subchapter S banks in Illinois have questioned whether accounting practices will permit Sub S institutions to expense prepaid regulatory assessments over multiple years. CBAI urges the FDIC to consider whether Subchapter S banks will be allowed to account for any prepaid assessments over multiple years and whether any amendment to the FDIC's proposal is necessary to provide accounting guidance on this issue. We hope that the FDIC shares our opinion that Sub S institutions should not suffer unintended consequences due to any restraints on such institutions' ability to expense prepaid assessments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kraig Lounsberry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kraig Lounsberry, Senior Vice President  
Community Bankers Association of Illinois