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T. Richard Shier | Executive Vice President

VIA E-MAIL: *Comments@FDIC.gov*

December 31, 2010

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Insurance Deposit Corporation
550 17th Street, NW
Washington, D.C. 20429

Re: Notice of Proposed Rulemaking
Assessments, Large Bank Pricing and
Assessments, Assessment Base and Rates

RIN 3064-AD66

Ladies and Gentlemen:

City National Bank ("CNB") appreciates the opportunity to provide the Federal Deposit Insurance Corporation (the "FDIC") with comments regarding the FDIC's proposals to implement revisions to the Federal Deposit Insurance Act and to the assessment system applicable to depository institutions made or necessitated by the Dodd-Frank Wall Street Reform and Consumer Protection Act[1] as set forth in the FDIC's two Notices of Proposed Rulemaking published in the Federal Register on November 24, 2010 (collectively the "NPR").[2] Capitalized terms not otherwise defined herein are as stated in the NPR.

CNB is the largest bank headquartered in Los Angeles, California, with more than 70 offices in California, Nevada and New York.

CNB joins others supporting the NPR to revise the FDIC's methodology for calculating deposit insurance assessments. We expressly endorse and support the positions taken in the comment letter submitted by the *Mid-Size Bank Coalition of America* dated December 30, 2010. We praise the obvious hard work and attention to detail of the FDIC as exemplified by the NPR.

1 Pub. L. No. 111-203, 124 Stat. 1376 (2010).

2 75 Fed. Reg.72582 and 72612 (November 24, 2010).

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Although it is difficult to anticipate the reporting systems impact of a revised Call Report, we encourage the FDIC to move forward with the amendments to its regulations and its revisions to the assessment system as soon as reasonably possible following the close of the comment period and consideration of the comments submitted.

We do have specific concerns respecting the scope of definitions of Leveraged Loans and Nontraditional Mortgage Loans as stated in proposed Appendix C to Subpart A to Part 327 – Concentration Measures.

A. CNB believes that the first condition of the definition of Leveraged Loans, "loans for buyout, acquisition and recapitalization" should not be used as an independent condition without regard to materiality and effect on leverage. We believe and suggest that it be used in conjunction with the second and third stated conditions in the disjunctive (i.e. Condition 1 and either Condition 2 or Condition 3).

B. CNB believes that the definition of Leveraged Loans may not be practical for small businesses where, for example, the owner fully guarantees the loan but may periodically withdraw or add capital to the company for personal reasons as the definition would pick up such a loan as "leveraged." To that end we suggest a size threshold (e.g. $3-$5 million) or other means be established to exclude from the definition certain small business loans.

C. CNB believes the definition of Nontraditional Mortgage Loans should not include "all" interest-only mortgages. Certain interest-only mortgage products which include considerations of low loan to value (LTV) and/or a short period of time (e.g. 5 to 7 years) during which the mortgage is interest-only present minimal risk for a concentration measurement and should be excluded.

CNB agrees with the observation made by the *Mid-Size Bank Coalition of America* in its comment letter that the definition may have a negative effect on small business lending and will tend to curtail lending or increase pricing for such loans.

Again, we thank the FDIC for the opportunity to comment and we appreciate the work being done to rapidly implement the FDIC's Restoration Plan for the Deposit Insurance Fund.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly,

T. Richard Shier

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