From: Don Thuente [mailto:don.thuente@efirstbank.com]
Sent: Friday, September 15, 2006 5:36 PM
To: Comments
Subject: RIN 3064-AD09 Assessments

I agree that new banks would, in general, represent more risk to the Insurance Fund, and it is therefore, appropriate to assess at a higher rate. However, newly chartered banks of an existing Bank Holding Company, where the operating policies and procedures and back office support provide an effective environment for operating new locations, should be given credit for the significantly less risk posed by these banks.

Each of the 4 justifications for assigning new banks the ceiling rate (ie: failure rate, information more difficult to interpret, rapid changes, unseasoned loan portfolios) would certainly be more than outweighed for newly chartered banks of established Bank Holding Companies. New banks that fall in this category should be provided with a basis point adjustment to bring the assessment rate back in line with the highest rate that is assessed against the other subsidiary banks in that Bank Holding Company. With this methodolgy, the better run institutions will be given an incentive to maintain all of the subsidiary banks they operate in the best risk category. Alternatively, if they have an institution that does not warrant the best rates, then the newly chartered bank would not warrant the best rates either. This would be the "Good Student Discount for Teenage Driver" program.

Additionally, I think that an institution should only be in the "new bank" category for a period of 5 years. Seven years is too long to be considered new.

With respect to merger situations, I believe the resulting institution should be considered new if the acquiring institution was new, regardless of whether the acquired institution was established or not.

Thank you for your consideration of these comments,
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