From: Bruce Thomas [mailto:Bruce.Thomas@capitolbancorp.com]
Sent: Sunday, September 24, 2006 4:28 PM
To: Comments
Subject: RIN 3064-AD09 Assessments

Thank you for the opportunity to comment on the proposed rulemaking on FDIC Deposit Insurance Assessments.

Capitol Bancorp, LTD (NYSE:CBC) currently has 47 community bank affiliates located in twelve states from coast to coast. Our affiliates are primarily de novo institutions with total assets ranging from $15 million to $315 million. The affiliates engage in localized decision making while centralized support is provided by the parent company in areas such as risk management, strategy and product development, accounting, technology services, legal, capital markets, loan administration and human resources/benefits.

I offer the following for your consideration:

- Treatment of "New Banks": Under the proposal, "new banks" - defined as those chartered after March 31, 2000 - are to be assessed the ceiling rate in the healthy bank category. I propose that the FDIC allow qualitative analyses to apply to "new banks" in a manner similar to more mature banks. Penalizing "new banks" that employ a seasoned management team that has a solid Business Plan and a proven career track record of performance seems inappropriate. Also, keep in mind that in the case of a "new bank" the chartering authorities have recently conducting an extreme amount of due diligence during the application process - including the authority to approve or disapprove the bank's senior managers and directors unlike more mature banks that can appoint these individuals without such scrutiny.

- Parent Company Support: The depth of financial and managerial support provided by a parent company such as CBC should be a factor that is considered in assessing risk to the deposit insurance fund. For example, the ability of a publicly traded company such as CBC to assess the capital markets if additional capital is necessary for a "new bank" contrasts with "new banks" that may not have such access.

With regard to the six financial ratios that are proposed for the Smaller Bank Risk Categories, I suggest that the calculation look beyond the individual banks that comprise a multi bank holding company. Analyzing the parent company, which is obligated to serve as the source of strength for its affiliates, is appropriate when applying these ratios.

- Ratios: The use of gross assets as the denominator in four of the six financial ratios could have the impact of distorting the results in favor of banks that own their fixed assets rather than leasing them. Since the objective is to price risk to the insurance fund banks with a heavy investment in fixed assets would pose more marketing risk and operational expense to the FDIC than instances where facilities and equipment are leased.

Again, thank you for the opportunity to comment on this proposal.

Sincerely,

Bruce A. Thomas
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President, Eastern Regions