OKLAHOMA BANKERS ASSOCIATION

We make bankers better!

ROGER M. BEVERAGE
PRESIDENT AND CEO
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April 15, 2009

Delivered via e-mail, to LLPComments@FDIC.gov

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

Re: Legacy Loans Program

Dear Mr. Feldman,

We submit the following comments with respect to the Legacy Loans Program, acknowledging that the comment deadline was last Friday. We simply missed it in the wake of the multitude of developments to correct some of the problems facing the financial services system.

First, we incorporate the American Bankers Association's comment letter, which is reproduced below and incorporated herein as a part of this letter.

Second, the Oklahoma Bankers Association expresses deep concern about, and our strong reservations concerning, the potential exposure to a dramatic cost for traditional community banks in our state. That cost could come about by having to "pay" for the FDIC's "guarantees" to be issued in conjunction with this program.

Yes, we understand that will likely be a bit of a cushion in the loan pools that will be sold to the highest bidder who will then form a Public Private Investment Fund which would purchase those assets. And yes, we understand that there will be two levels of equity that would have to be gone through first, before there was any exposure to the Deposit Insurance Fund and the banks that pay its premiums. We also understand that the FDIC will charge a fee for the guarantees it issues, part of which will go to the DIF. All three of these points are relevant and understood.

But in spite of the assurances those three points represent, a significant question remains: what happens if the assets go bad ***in spite of*** these points, and on a massive scale? We realize that efforts are being and will continue to be made to cover the bets the FDIC and the federal government will be making in an effort to cleanse these "legacy loans" from the books of troubled financial institutions.

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But what happens to **<u>traditional</u>** banks – banks that had nothing to do with the collapse of Wall Street or bringing the banking system to the edge of the abyss – if the government is wrong on their assumptions that there's a cushion, there are two layers that we have to burn through first, and the guarantee fees will be sufficient to cover any potential losses?

We strongly suggest that traditional banks and the Deposit Insurance Fund be protected, by limiting the ability of the FDIC to assess traditional banks for any losses incurred by the Agency through a default of any asset or group of assets on which the FDIC issues a guarantee.

Thank you for considering our belated comment letter.

Sincerely,

Roger M. Beverage

Attachment: ABA Comment Letter dated April 9, 2009 – included with the cover e-mail.

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