Union State Bank

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March 3, 2009

Sheila C. Bair, Chairman Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Federal Deposit Insurance Corporation- increased assessments for 2009

Dear Madam Chairman:

I am the Chief Financial Officer of Union State Bank, which has $138,000,000 in assets. We are primarily an agricultural bank, locally chartered, and mostly locally owned. We have always prided ourselves in being a community bank that supports our local customers and the community. We believe the best way to remain a viable community bank amongst all the large, too-big-to fail financial institutions is to offer outstanding customer service, actively support and participate in the community, and operate the bank in such a manner that we remain fiscally sound, even if we have the occasional bad loan.

Like some of the larger banks in the national spotlight, 2008 was a difficult year for our bank. We were required, by regulators, to take a loss on a loan secured by the stock of another financial institution that was taken into FDIC receivership. This loss resulted in our leverage capital ratio falling from an average of 10.5% for the previous five years (2003-2007) to 9.75% at the end of 2008. Our net income after taxes for 2008 was $12,000 after the $1.6mm loss, compared to an average net income after taxes of $935,000 for the previous five years (2003-2007).

The FDIC's Board of Directors decisions to make small community banks part of the re-capitalization of the FDIC reserve fund by increasing the assessment rate between 12 and 16 basis points would cost our financial institution between $90,000 and $120,000, which is 3% to 4% of our annual operating budget. The one time special assessment of 20 basis points is an additional $150,000 in expense to our bank or 5.5% of our annual operating budget. Our cost to replenish a fund depleted by banks that did not operate responsibly is $240,000 to $270,000 or 9% to 10% in additional operating costs! To recapitalize the FDIC fund it would make a lot more sense to use some of the bail out funds for that purpose.

As a community bank with assets less than $150million, we feel additional assessments as outlined by the FDIC's Board of Directors is an unfair burden on a bank that has strived to operate in a fiscally sound manner. We will most certainly feel the pressure to pass along some of the additional costs to our customers by way of higher interest rates on loans, lower interest rates on deposits, higher fees for services. We will also forego capital purchases that would stimulate the economy and were in our 2009 budget, to make up the shortfall of $250,000 caused by this unbudgeted assessment.

We feel that community banks that are fiscally sound with assets less than $150million should be excluded or at the very least, assessed at a much lower level in comparison to the much larger financial institutions that directly contributed to this crisis in the national and international financial system and economy and the FDIC reserve fund.

Thank you for your consideration of these comments that address the FDIC's new assessment rates on all banks for 2009. Clearly, such an exemption or reduction is called for in the interest of fairness.

Sincerely,

Dwight A. Ferguson, President/CEO