



**UNION BANKSHARES**  
**CORPORATION**

December 1, 2008

Mr. Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

Re: Comments – RIN 3064-AD35

Dear Mr. Feldman:

First, I agree that the Bank Insurance Fund needs to be replenished. I would point out that the BIF need only be replenished to the 1.15 level. It seems to me that the 1.15 level should be the target point for the next five years. Further building of the fund to the 1.25 level could take place after five years, or when the banking industry profitability recovers with the economy. This adjustment in the FDIC modeling will allow banks to retain capital and liquidity for lending in their markets.

My greatest concern is the proposal to begin assessing risk based surcharges on banks that are deemed to be high growth and make use of brokered certificates of deposits and/or FHLB borrowings.

First, total growth of 20% in assets over a four year period should not be considered high growth. Over the last ten years the organic compounded annual growth rate of Union Bankshares, which operates in Virginia between Washington, D.C. and Richmond, has been well in excess of 10%. The proposed surcharge will severely impact community banks that operate in typically strong market areas such as Virginia. This move favors nationwide banks to the detriment of local community banks that will see their costs rise. I strongly urge the FDIC to reevaluate the definition of high growth.

Secondly, I do not think the use of brokered CDs or FHLB advances necessarily makes one a high risk profile bank. The risk in a bank lies on the asset side of the balance sheet. I think the Indy Mac Bank failure is a good example. Perhaps your focus should be on the type of assets a bank is funding with brokered CDs or FHLB advances.

Your proposed punitive fee structure for use of brokered CDs and FHLB advances would severely hamper a community bank in a good growth market, such as Virginia, from meeting the needs of its customers, all of whom are within our market footprint. It is normal

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for loan demand to exceed deposit growth in markets that are growing through in migration of people and expansion of jobs. The FDIC loading additional funding costs, through a BIF surcharge, on otherwise low asset risk banks just because they make use of FHLB advances and brokered CDs makes little sense to me. In fact, the likely unintended consequence will be reduced economic activity and suppress the economic recovery.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. William Beale".

G. William Beale  
President