



The Union Bank Co.

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October 22, 2008

Mr. Robert E. Feldman
Federal Deposit Insurance Corporation
550 - 17th Street N.W.
Washington, DC 20429

Re: RIN 3064-AD35 - Notice of Proposed Rulemaking on Risk-Based Assessments

Dear Mr. Feldman:

The purpose of this letter is to submit comments on the Federal Deposit Insurance Corporation's (FDIC) proposed changes to deposit insurance assessments and, in particular, to whether reciprocal deposit placement services should be exempted from the definition of brokered deposits for the purposes of the proposal. As I discuss below, I believe that our reciprocal CDARS deposits should be excluded from the Notice's definition of brokered deposit.

The Union Bank Company ("Bank") is headquartered in Columbus Grove, OH. The Bank is a full-service institution with over \$620 million in assets and 11 branch locations. The Bank is a member of the Promontory Interfinancial Network and offers the CDARS Reciprocal service which, in addition to being a service valued by our customers, is also a stable source of funding. Our CDARS Reciprocal deposits have behaved very similarly to what I would consider our traditional core deposits for the reasons stated below:

- The funds come from local customers who generally reinvest their funds when their CDs mature
- The costs of our CDARS deposits after the fee paid to Promontory Interfinancial Network are very similar to the rates the Bank pays on our regular certificates of deposits
- The Bank's customers have shown loyalty by greater balances in CDARS deposits as the Bank's CDARS balances have significantly grown over this past year.

The Bank's CDARS deposits have historically not behaved as out-of-market deposits or "hot money", as other types of volatile deposits are often labeled. What I would classify as traditional brokered deposits, in contrast to our reciprocal funds, originate from third parties whose customers are seeking to place funds at the highest rates available. It is a

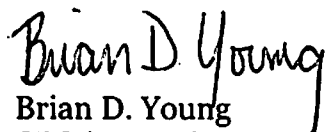
national market and depending on the term banks typically pay increased rates of 30 – 85 bps.

I believe the aforementioned items support my assertion that reciprocal CDARS deposits are part of the Bank's core funding base, not "brokered deposits" as they have been traditionally defined. This service has enabled us to offer a much desired product to our customers, which promotes customer loyalty, while providing funding at a reasonable cost for our institution.

In closing, I believe that CDARS deposits should be excluded from the Notice's definition of brokered deposit and ask that CDARS Reciprocal deposits be excluded from the definition of "brokered deposits" in the next Congress. I believe doing so would clarify any uncertainty that would remain in the wake of an FDIC exemption in the risk-based assessment rule.

I have enclosed my business card if you need to contact me. Thank you for your consideration.

Respectfully,


Brian D. Young
CFO/Executive VP