



Federal Deposit Insurance Corporation

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Division of Insurance and Research

December 13, 2010

TO: The Executive Secretary's Section
FDIC Legal Division

FROM: Andrew Felton
Section Chief
Division of Insurance and Research

SUBJECT: Teleconference with Union Bank on Large Bank Pricing System
RIN 3064-AD66, 75 FR 72612 (November 24, 2010)

The FDIC published in the Federal Register a Notice of Proposed Rulemaking (NPR) requesting comment on its proposal to revise the assessment system applicable to large insured depository institutions to better differentiate institutions and take a more forward-looking view of risk; to better take into account losses that the FDIC may incur if an institution fails; and to make technical and other changes to the rules governing the risk-based assessment system.

Union Bank requested a telephone conference with the FDIC to discuss the NPR, seeking clarification of the scorecard metrics and associated definitions. The teleconference was held on November 29, 2010, and FDIC staff provided a detailed overview of the scorecard and answered a variety of questions.

Union Bank raised two inquiries on points not specifically addressed in the NPR: whether or not the definition of non-traditional mortgages included teaser rate or interest-only mortgage loans after the teaser rate or interest-only period has terminated; and whether "commitments" as used in the definition of Construction and Development loans for calculation of the higher risk concentration measure differentiated between irrevocable and revocable commitments. As to the first inquiry, staff responded that the definition as currently drafted did not address the issue; as to the second inquiry, staff responded that there is currently no differentiation. Union Bank was encouraged to submit written comments on both inquiries.

Union Bank noted that it viewed the scorecard as an overall positive change and looked forward to implementation of the NPR.

November 29, 2010 Meeting
FDIC Staff and Union Bank Representatives

<u>Name</u>	<u>Representing</u>
Brian Lum	Union Bank
Joe Schenone	Union Bank
Jay Sandefur	Union Bank
Sara Gwynn	Union Bank
Debbie Shapiro	Union Bank
Lois McFarland	Union Bank
Andy Felton	FDIC
Lisa Ryu	FDIC
Mike Anas	FDIC
Kevin Bruno	FDIC
Brenda Bruno	FDIC
Pat Mitchell	FDIC
Chris Bellotto	FDIC
Sheikha Kapoor	FDIC