Alliance FSB
A Federal Savings Bank
MEMBER FDIC

March 9, 2006

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room
Mail Stop 1-5
Washington, DC 20219
Attn: Docket No. 06-01
Regs.comment@occ.treas.gov

Regulation comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. street, NW
Washington, DC 20552
Attn: Docket No. 2006-01
regs.comments@ots.treas.gov

Robert E. Feldman
Executive Secretary
Attn: comments/ Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
comments@fdic.gov

Jennifer Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th St. and Constitution Ave, NW
Washington, DC 20551
Attn: Docket No. OP-1248
regs.comments@federalreserve.gov

Dear Sir or Madam:

Alliance FSB[1] appreciates the opportunity to comment on the Proposed Guidance- Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices ("Proposed Guidance") issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporations, and the Office of Thrift Supervision, (collectively, the "Agencies").

Alliance FSB will comment on issues that affect it and that it believes it has sufficient expertise and experience, specifically, Multifamily Loans.

Alliance FSB has successfully originated multifamily loans for a number of years. According to FDIC data[2], multifamily loans pose no greater charge off risk than residential 1-4 family loans. In fact, according to the FDIC data from 1996 through September 2005, multifamily loans have proven to be a lower risk than 1-4 family loans for Savings Institutions, Commercial Banks and All Insured Institutions. See tables on page 2.

Alliance FSB opposes including multifamily loans into the proposed 300% of capital category as stated in the proposed regulation. Further, we contend, based upon the FDIC's own data as well

[1] Alliance FSB is a well capitalized $190 million Federal Savings Bank with its Headquarters and full service office located in Chicago along with a full service office in Niles, IL and loan center located in Hinsdale, IL
[2] FDIC Quarterly Profile Table V-___ Loan Performance for Savings Institutions, Commercial Banks and All FDIC-Insured Institutions –See Table on page 2

as our own experience that multifamily loans should be placed into the same category as 1-4 family loans using solely "loan to value" as the only criteria when calculating risk based capital.

Table No. 1

Month End	FDIC Insured Savings Inst Charge Offs Multifamily	FDIC Insured Savings Inst Charge Offs Other 1-4 Fam
Dec-96	0.47	0.19
Dec-97	0.17	0.11
Dec-98	0.06	0.09
Dec-99	-0.06	0.06
Dec-00	-0.03	0.04
Dec-01	0.00	0.05
Dec-02	0.00	0.06
Dec-03	0.01	0.04
Dec-04	0.02	0.04
Sep-05	-0.01	0.04
Average	0.063	0.072

Table No. 2

Month End	FDIC Insured Com'l Bank's Charge Offs Multifamily	FDIC Insured Com'l Banks Charge Offs Other 1-4 Fam
Dec-96	0.15	0.20
Dec-97	0.04	0.08
Dec-98	0.05	0.07
Dec-99	0.01	0.11
Dec-00	0.02	0.10
Dec-01	0.03	0.22
Dec-02	0.07	0.14
Dec-03	0.03	0.19
Dec-04	0.04	0.08
Sep-05	0.04	0.06
Average	0.048	0.125

Table No. 3

Month End	FDIC Insured All Institutions Charge Offs Multifamily	FDIC Insured All Institutions Charge Offs Other 1-4 Fam
Dec-96	N/A	N/A
Dec-97	N/A	N/A
Dec-98	N/A	N/A
Dec-99	N/A	N/A
Dec-00	N/A	N/A
Dec-01	N/A	N/A
Dec-02	0.04	0.11
Dec-03	0.02	0.13
Dec-04	0.03	0.06
Sep-05	0.02	0.05
Average	0.0275	0.0875

N/A = Data was not available on a consolidated basis on the FDIC website

(The above extracted FDIC data show that in each table, multifamily loans have a lower charge-off rate than other 1-4 family, i.e. 0.063 v 0.072 in table 1)

Further, a distinction should be made between multifamily loans verses nonfarm nonresidential properties and loans for construction, land development and other land loans.

As multifamily lending risks are already traditionally low, they have been further reduced in recent years by numerous multifamily units being converted into condominiums. That has reduced the number of multifamily buildings in highly populated markets. Those markets, including Chicagoland, have little or no land left for new construction; therefore, rental units and correspondingly multifamily buildings are in high demand.

Further, as added interest rate increases are taking hold and the 1-4 family market cools, a greater number of people seeking shelter would logically be expected to rent rather than enter the purchase market. Thus, adding additional support to the multifamily segment for both rentals and re-sales.

Again, Alliance FSB opposes including multifamily loans into the proposed 300% of capital category as stated in the proposed regulation.

Alliance FSB appreciates the opportunity to comment on the proposed guidance.

Very truly yours,

Lawrence H Chlum

Lawrence H. Chlum
President

Robert S. Hoffman
Executive Vice President