BANK VI

2020 South Ohio Street
P.O. Box 77
Salina, Kansas 67402-0077

Office 785.825.4321
Fax 785.825.4338

www.banksix.com

March 7, 2006

Robert E. Feldman, Executive Secretary
Attention: Comments, FDIC
550 17th Street, NW
Washington, DC 20429

Attention: Federal Deposit Insurance Corporation
Re: Proposed federal bank guidance for management practices concerning commercial real estate and concentrations in CRE loans

Dear Sirs and Madams:

We, as the executive management team of a very small, independent bank in Kansas, are moved to make comment today about the recently proposed guidance (issued January 10th, 2006) by the federal bank regulatory agencies, concerning possible limitations, arbitrary thresholds, and increased risk-management practices related to construction loans, land development, multi-family properties, and "non-farm non-residential properties".

For the past 25 years, we have been involved in the banking business--- and commercial real estate lending has been one of the cornerstones of the profitable operation of smaller independent banks, like ours. Furthermore, as a part of our lending outreach, we have provided (through our commercial real estate lending) great opportunity for individuals and businesses to provide much needed services to the communities we serve, thereby improving the quality of life for all who reside there.

We believe that the proposal being made in its present form will inhibit lending due to the establishment of what we would consider arbitrary and poorly devised methodologies of trying to regulate the process (limiting total loans of this type compared with total capital). The process disregards the sound lending practices and risk-management techniques that most banks employ in making commercial real estate loans, and the proposal gives no additional credit or latitude to banks that year-in and year-out demonstrate solid commercial lending performance.

Make the decision to curtail lending for construction loans for homes—and the consumer will pay higher costs. Curtail development lending and this lending business will be pushed from banks (like ours) to the secondary market—where other financial providers and insurance companies will happily reap the benefits. In our community today, we are actively financing the development and construction of homes that are necessary for our community and our area to grow. With people of sound reputation and solid financial background (as signers on these loans) we are making a significant difference to those consumers in our community actively seeking quality housing.

Curtail multifamily lending, and people who otherwise can't afford to own a home (or their situation doesn't allow the opportunity or circumstance to do so—based upon their needs) and you'll have less available properties for rent, and again forcing higher rent prices for consumers. The banks in our market provide the necessary funding for these projects at competitive rates—and everyone prospers.

Curtail "non-farm non-residential property" and you are hurting the small businessperson in America, as he or she sets forth to start a new business, invest in his or her own business, or improve the working conditions for their staff. Banks are the lifeblood for making these types of loans to individuals, companies, investors, and organizations who are essentially investing in America. Commercial buildings and malls, restaurants and office complexes, non-profit centers and community building projects—all could be impacted greatly by this proposal.

It is our belief that few actions could hurt small, independent banks such as ours more than this proposal would, in its present form. We would further contend that the risks associated with commercial real estate pale in comparison to the risks being taken on in the banking industry today in other areas--- commercial loans not collateralized by real estate, agricultural loans in areas where drought has rendered farm operations unprofitable for many years, unsecured lending practices to consumers in any form, the proliferation of mortgage operations that impose huge and un-necessary fees and promotional gimmicks on consumers by those not under the guidelines of bank regulatory agencies, and the unchecked predatory lending practices of payday consumer check-cashing/lending operations nationwide.

Comment is made in the proposal that weak CRE underwriting and depressed CRE markets have contributed greatly to significant bank failures and instability in the banking system in the past. This comment comes on the heels of the first year in which no bank failures occurs in the United States, according to recent media reports we've read. We would further counter that decisions like those made in the mid 80's by Congress--- changes that significantly modified the tax treatment of investment properties, during an already difficult economic time, was the largest contributor to the bank failures that followed. Whenever immediate rules are place upon an industry (and in that case, an entire economic system) failures will occur. We would suggest that this change is one of similar negative consequence.

We strongly disagree with this proposed regulatory guideline, and ask that you re-consider the widespread implications the proposal will have upon the banking system and upon business and consumers in America.

Sincerely,

Alan R. Eichelberger
President