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Dearborn Savings
ASSOCIATION, F.A.

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April 10, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

RE: Docket Number 2006-01

Dear Sir or Madam:

This letter is in response to the proposed guidance regarding concentration restrictions on Commercial Real Estate lending in the banking industry. As a responsible financial service provider to our community, it is up to us to assess the needs of our communities and provide the products and services that are needed most to ensure that our local communities grow and thrive.

In many markets Commercial Real Estate (CRE) lending may not play a large role in fulfilling that commitment, but in many areas such as ours the demand for CRE loans is substantial and should not be restricted by a measure already under regulation: capital levels. Any additional requirements that are applied arbitrarily to banks, rather than assessing them individually based on their unique circumstances, could lead to unintended policy shifts that may do more harm than good.

Currently, banks are examined based on actual risk factors within their portfolios, and to impose restrictions using any other measurement tool would be inappropriate. As an example, the difference in risk levels between loans for raw land and commercial construction is significant. That both types of loans would apply toward an

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arbitrary threshold based on capital levels is not fitting. If the Agencies feel it necessary to impose restrictions, at a minimum the following types of loans should be excluded: multifamily loans, residential construction and construction/permanent financing, and loans secured by land that is zoned residential.

We would suggest that it is not fair to restrict or penalize institutions with proven track records as to CRE underwriting, delinquencies, and charge-offs while those institutions with problems or anticipated problems could easily be identified and dealt with appropriately.

The Agencies should not require a financial institution to increase its capital level just because the markets in which they operate have a strong demand for sound CRE loans. Any requirement for an institution to hold extra capital should be imposed through the existing risk based capital rules and not by this proposed guidance.

We appreciate the opportunity to comment on the concentration restrictions on CRE lending. Please feel free to contact us directly at 812-537-0940 should you wish to discuss this further.

Sincerely,

Edward Fischer
President/CEO

Thomas Sicking
Sr. Vice President

Delmar Schiferl
Vice President/Director of Lending

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