Robert Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 2049

Ie: FDIC, Rin 3064-ad95, Rin 3064-ad96.

Dear Mr. Feldman,

We wanted to take a moment to attempt to comment on “Notice of Proposed Rules on Regulatory Capital”. Our bank is a State Chartered Institution in Iowa with experienced management- we are an agricultural bank serving 4 communities in north central Iowa. Our size: Capital $ 31,000,000, Deposits $ 295,000,000, and Loans $ 245,000,000. We have been in existence for 25 years and have grown in deposits and loans nearly every year serving retail and commercial/agricultural interests.

We have attended the FDIC meeting held on this subject in Kansas City and have studied various materials with interest. Then we have tried to apply those potential rules to our situation to measure the effect.

First change would be an adjustment to the capital formula. That would have no effect on us and have no reason to reject that. Along with that increasing the capital ratio’s required to be well capitalized. We would have no reason to reject higher requirements as long as there is ample time to phase them in- increase the capital standard over a 2-3 year period so income streams and growth plans can match up to them.

Prompt corrective action, capital conservation buffer, standardized NPR, and transition periods. We would reject nearly all of the ideas offered here. We think that these concepts include several bad ideas with unintended consequences. Banks our size or almost any size fail because of credit problems- having those problems in excess of loan reserve first, capital second, and business continuation third. We believe that from a regulatory standpoint it makes perfectly good sense to increase all capital requirements and faze them in. After that it makes more sense to adjust ALLL or Loan Loss Reserve. Currently we review all credit lines quarterly- we have a specific reserve for lines that we think represent more than average risk, a general reserve for various types of loans based upon historic loss levels, and an adjustment for changes that we see affecting various parts of our economy. We would much rather see an adjustment to how we are to estimate and maintain ALLL/Loan Loss Reserve than the other items presented. If regulators signal out home loans and commercial real estate loans in the risk weighting they will be limiting capital and loans to some of the people whom are currently underserved. For example we hold about $ 21,000,000 of home loans in our $ 245,000,000 loan base- these are usually loans that don’t fit the secondary market (self -employed individuals, acreages, smaller home loans), we underwrite the loans just as rigorously as we do those for the secondary market; but if we are to be penalized for completing them? Another area we disagree with is the concept of “buffer”, currently we dividend out about 50% of earnings and leave 50% in, projecting about 7-8% annual growth in deposits and loans. It is management/owners perspective to manage these items effectively.

We support changing how capital is estimated, we support stronger capital standards, and we support changes to how ALLL/Reserve for Loan Loss would be handled; we would oppose all the rest.

Sincerely,

Mark Allan Noll
President
Green Belt Bank & Trust