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WILLIAM L. BAKER
President and CEO



First National Bank
The First National Bank in Sioux Falls

March 22, 2006

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 1-5
Washington, DC 20219
Attention Docket No. 05-16

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street & Constitution Ave., N.W.
Washington, DC 20551
Attention: Docket No. R-1238

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429
Attention: Comments/Legal ESS

Re: Proposed Risk-Based Capital Guidelines

Dear Mesdames and Sirs:

Please accept the following comments into your deliberations, tardy though they may be. I apologize for that, and I understand that they may be too late to be admitted. Nevertheless, thank you kindly for this and similar opportunities for small community bankers to have input into the rule-making process.

The First National Bank in Sioux Falls is a \$940 million (as of 12/31/05) family-owned community bank, very proud of our 120 years of service to our Sioux Falls community and the surrounding region in southeastern South Dakota. We have long been "well capitalized" under the current risk-based capital rules, with Tier I risk-based capital typically in excess of 11%. This comfortable "cushion" has enabled us to remain quite nimble; able to respond quickly to the ever-changing needs of our customers, our community and our agricultural region

The proposed changes to these rules are threatening to restrain our capital, making it difficult for us to respond to local needs, and to compete. Of particular concern are the increased risk-based capital allocations of certain loan-asset types to well above 100%. In our case, the increased risk-based capital allocations to commercial real estate - 350% under certain proposed definitions (identified as acquisition, development and construction, or "ADC" loans, in the proposal) - would be particularly onerous. A cursory simulation of the impact of this revision reduces our Tier I risk-based capital by about 3.00% (300 bps) to roughly the 8% threshold. For us, that's a lot less nimbleness!

Our hometown of Sioux Falls is a service and trade center community (pop approx 140,000) serving an expansive rural geography here on the northern plains. Most of our business and service enterprises remain locally owned. A majority of our commercial real estate loans are conservatively-underwritten, regulatory-conforming credits to local business people - many of them family businesses - who utilize the properties thus financed as their place of business. In the traditional sense, these are "owner occupied" real estate loans.

If the proposed guidelines are to be implemented, it is very important to us, and many banks like us, that a distinction be made, and reduced risk-based capital allocations provided for, regarding these types of commercial real estate loans.

Most sincerely,

William L. Baker
President and CEO

Cc: Peter Weinstock
Stephanie Dreyer
Charles D. Gullickson

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