
From: Tren Watson
Sent: Friday, September 15, 2006 11:22 AM
To: Comments
Subject: RIN 3064-AD09 Designated Reserve Ratio

Dear Sir or Madam,

As president and CEO of WestSide Bank in Hiram, Georgia, a De Nova bank, I am very concerned about the proposal establishing a higher premium rate for new banks. I strongly disagree with the logic of this proposal as it just does represent the risk factors associated with a De Nova bank. As you are aware, a De Nova bank has a great deal of oversight by the regulatory authorities, especially during the first three years of operation. As such, if there are any problems, they are identified quickly and dealt with in a much more expedient manner than in a typical older and larger bank. Also, the senior management team is thoroughly evaluated for their abilities and must meet regulatory approval before they are allowed to accept their respective positions. To say that a De Nova poses more risk certainly does not validate your own approval process. Boards of Directors and senior management are acutely aware of the importance of effective management and oversight, as they themselves have invested their own money, which sometimes is a very significant amount. Credit Quality and underwriting is also better in a new institution because of the significant importance and increased scrutiny by senior management, outside loan review, outside audit firms, and the regulatory authorities. In summary, I do not agree with charging De Nova Banks a premium rate and I urge you to charge all banks the same unless they fall into the problem bank category. Thank your for your consideration and for reading my comments.

Tren Watson
President & CEO
WestSude Bank