



February 27, 2006

Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, DC 20429
Via Email: Comments@FDIC.gov

Dear Mr. Feldman,

Thank you for the opportunity to comment on the FDIC proposed guidance concerning Concentrations in Commercial Real Estate Lending. Bank of the San Juans understands the risks associated with concentrations in loan categories. As a financial institution with zero historical losses in Commercial Real Estate lending and minimal impaired loans, we are concerned with the proposed guidelines affect on community banks.

The maintenance of higher capital ratios would restrict our ability to grow and compete in the market we serve, thus, lowering our profitability as our customer base moves to the large regional banks. Reduced competition in the market place will eventually lead to higher prices for the customer.

The proposal would interfere with and diminish the primary income for community banks, resulting in some institutions resorting to riskier non commercial real estate loans, which have higher historical loss rates, to offset some of this income loss.

The proposed guidance would be a detriment to community bank's potential for continued growth and service in its communities. It would be our hope that regulators would continue to review bank's individual portfolio quality and risk management procedures, rather than impose generic guidelines for commercial real estate lending. In particular, this proposed one-size-fits-all regulatory approach will prove damaging to well capitalized, well managed community banks located in desirable markets such as Bank of the San Juans. It is our belief over the long-term, the proposal will not limit bank loan losses, but will penalize community banks and further increase regulatory burden.

Sincerely,

Arthur C. Chase, Jr.
President/CEO

Kristie Griswold
Vice President Credit Administration

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