Fifth Street Bank

(Proposed Nevada Thrift Charter)

April 11, 2006

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Commercial Real Estate Loan Concentration Guidance
Docket No: 06-01, OP-1248, 2006-1

Dear Mr. Feldman:

Fifth Street Bank (proposed) ("FSB") appreciates this opportunity to submit this letter in connection with the federal banking agencies' proposed Guidance on Concentrations in Commercial Real Estate ("Guidance"). FSB recently filed its application for federal deposit insurance with the FDIC as well as an application for a Nevada non-member thrift company. Although loan originations are not part of our business plan, we will be partnering with other regulated financial institutions to purchase and participate in commercial real estate loans.

The management of FSB agrees with the Agencies that high levels of CRE loans require heightened risk management; however the Guidance establishes an assumption of risky practices if a bank's CRE portfolio exceeds one of the newly-established thresholds, without regarding the actual performance of the loans, or considering the differences in the kinds of CRE loans. FSB (proposed) will not originate loans, but will purchase and participate in commercial real estate loans with other institutions. FSB will control its concentrations, and may play an integral part in helping other institutions reduce their concentrations by purchasing CRE loans or participations directly from them. We are looking forward to working with institutions that practice safe and sound underwriting practices, and will take additional measures to re-underwrite loans available for purchase and perform proper due diligence on the loans and the institutions offering, underwriting and servicing the loans on our behalf.

The Guidance has established thresholds that incorporate only concentration without addressing other risk indicators that could result in banks being considered to have a risky CRE portfolio. Banks could be subject to the Guidance even if its underwriting criteria were conservative and all of its loans were performing. Additionally, the new monitoring requirements and increases in capital and reserves could place significant burdens on banks, forcing them to invest time, money and effort to prove they are not engaging in unsafe practices. This could prove overly burdensome to a denovo institution like Fifth Street Bank (proposed), as well as other financial institutions. Applying existing Guidance on a case-by-case basis to address any problems of unsafe CRE lending practices would be more prudent.

FSB requests that the Guidance in its current form be modified and reissued for additional public comment. The thresholds should be reassessed based on quantitative data and be adjusted accordingly. Factors such as underwriting criteria should be considered before any new restrictions or requirements are posed, and the Guidance should focus primarily on those banks that in fact are engaging in high risk lending practices. Lastly, the Guidance should contain sufficient information regarding increasing capital and reserves for planning purposes, and should be addressed as part of the supervisory examination process.

If you have any questions, please contact me at (702) 492-6220 or phil@5thsb.com.

Sincerely,

Philip D. LaChapelle
President and CEO