

prague national bank

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Congressman Mickey Edwards
2434 Rayburn Building
Washington, D. C. 20515

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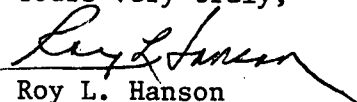
Dear Congressman Edwards:

I have previously corresponded with some of the Oklahoma Congressional Delegation about the never-ending stream of legislation resulting in additional regulatory compliance that is about to drown community banks. The article by Virginia Dean that was cut from last week's ABA Weekly News furnishes good argument against the point of view of some congressmen that "one more little piece of legislation" will not make any difference, because it will only add "one little bit more of regulation" to that already being complied with by your local community bank.

The article on risk based capital makes the point that these new guidelines are going to benefit money center banks more than community banks and will, in fact, get capital guidelines down to the level where larger banks can comply whereas they could not under our present guidelines. Further, the article points out that future marketability of community banks will likely be hurt, because most of them are not highly leveraged, therefore their return on equity is lower making them less attractive for investment.

In my opinion, legislators who think that community banks are important to our society had better pay more attention to banking legislation that is being passed, most of which is to the detriment of the independently owned community bank. In my view, the large money center banks and banking regulators are on the band wagon because they favor fewer banks, meaning larger banks. Money Center banks are not overly concerned about additional compliance legislation, because they have legal departments already on board to handle it. Regulatory burden is now a major expenditure of smaller banks. These are the banks that cater, for the most part, to individual customers and small business. I am hopeful the enclosed articles are interesting enough to be read and taken into account when you are asked to make important decisions regarding banking legislation.

Yours very truly,


Roy L. Hanson
Chairman of the Board
and President

RLH/tp

Enclosures

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