

Summary of February 1, 2006 Conference Call Regarding the Proposed Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices

On February 1, 2006, staff of Community Bankshares, Inc. (the bank holding company of Community Banks of Colorado, Greenwood Village, Colorado and Community Banks of Northern California, Tracy, California) met by phone with staff of the Federal Reserve Bank of Kansas City and the Board of Governors of the Federal Reserve System at the request of Community Bankshares to discuss among other things the proposed Guidance on Concentrations in Commercial Real Estate. (A list of call participants is provided below.)

Community Bankshares staff stated general agreement with the proposed guidance. Concern was expressed about the institution's ability to manage data to perform sensitivity analysis for a loan that cycles through one property type to another (that is, from construction to mini-perm to permanent). The institution requested that the agencies clarify their expectation for capital when a bank has a CRE concentration. The institution raised the question as to whether additional capital would be required if the institution already considered its CRE concentrations in its analysis of the allowance for loan losses.

List of Conference Call Participants

Dave Anderson	Federal Reserve Bank of Kansas City
Virginia Gibbs	Board of Governors of the Federal Reserve System
Donald Woods	Community Bankshares, Inc.
H. J. Welton	Community Bankshares, Inc.
Rob Bielfeldt	Community Bankshares, Inc.
Nadine Wyatt	Community Bankshares, Inc.
Kama Kreutzer	Community Bankshares, Inc.