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March 21, 2006

Robert Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
Comments@FDIC.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th Street & Constitution Avenue, N.W.
Washington, D.C. 20551
Regs.comments@federalreserve.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
Attention: No. 2005-56
regs.comments@ots.treas.gov

Office of the Comptroller
of the Currency
250 E Street, S.W., Mail Stop 1-5
Washington, D.C. 20219
regs.comments@occ.treas.gov

Re: **FDIC** (No docket ID); **FRB** Docket No. OP-1246; **OCC** Docket No. 05-21; **OTS** Docket No. 2006-01; **Proposed Interagency Guidance on Concentrations In Commercial Real Estate**; 71 Federal Register 2302; January 13, 2006

Ladies and Gentlemen:

I am today writing you on the Proposed Interagency Guidance on Concentrations in Commercial Real Estate.

Over the last ten years, our bank has transitioned from a consumer bank to more of a small business/commercial bank with a mix of consumer business. We have done this not so much because we wanted to move in this direction, but out of necessity.

With the development of the credit card companies, increased powers for credit unions, mortgage companies and other non-bank finance companies, the consumer business has all but disappeared from community banks. We rely on commercial lending to survive and prosper.

Our Bank serves a niche in our market for small business that in my view will not be served without the existence of community banks. Based on what I understand of the proposal, these actions will threaten the existence of many community banks because they will have trouble competing.

Let me review what I think the impact will be for community banks.

- In Virginia, the proposed guidance will have a disproportionate impact on community banks as most will breach the proposed capital thresholds.

- Community banks will have a difficult time competing with larger banks because the increased monitoring costs will be spread over a smaller base of earning assets.

- The capital thresholds are unreasonable. It will take years for some banks to bring their portfolio into compliance. Small business will suffer because financing will be more expensive and in some cases impossible to find.

- The proposed guidance makes the assumption that all commercial loans secured by real estate constitute one risk and that is simply incorrect.

- The proposed guidance fails to recognize that commercial loans secured by real estate are less risky than other loans. If you look at our bank and many banks like us, nothing could be further from the truth. Our losses on real estate lending over a period of years is virtually non-existent.

I could go on but will finish. This proposal is bad for small business, community banks, rural America and our economy in general. In a time when Congress has indicated an interest in reducing the regulatory burden for community banks, this proposal does the reverse. I urge each of you to reject this proposal if you are of the opinion that community banking is important to America.

Sincerely,

George M. Longest, Jr.
President & CEO