HIGHLAND COMMERCIAL BANK

March 13, 2006

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

Dear Sir:

Subject: Commercial Real Estate (CRE) Lending

Thank you for the opportunity to comment on the proposed guidance regarding Commercial Real Estate (CRE) lending. Our bank is a state chartered community bank located in the northwestern area of metropolitan Atlanta, an area of strong growth in housing (particularly in the upper price end) and small commercial developments such as totally, or principally, owner occupied buildings.

It is my feeling as CEO of this small institution that we already have all of the regulation that is required in this arena. Both the State Department of Banking and the local office of the FDIC are well versed in the risks associated with this type lending and can deal with any appropriate issues through the examination process.

The category of CRE is so broad that it does not lend itself well to a "one model suits all" approach to risk analysis. A building occupied by the local dentist is quite different from a complex of office buildings rented to a multitude of tenants which is also different from an acquisition and development loan to a local experienced developer. Community banks have, for the most part, been active in residential ADC lending and in the owner occupied building market and much less so in retail strip centers, apartments, or multi tenant buildings.

I have a concern that the structure of this guidance impacts capital requirements without adequate consideration of the management and measurement of risk within the broad category of CRE lending. An approach that works for a large complex banking institution is likely unreasonable for a community bank. While I appreciate the discussion and dialogue on CRE lending, I do not feel additional regulation is needed.

Sincerely,

James H Powell

James H. Powell
President/CEO

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