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March 20, 2006

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

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

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

Comments on Proposed Regulations

Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices

We concur with the comments submitted to you by the Virginia Bankers Association (attached) and we urge you to give them full consideration.

Under the proposed guidance, the defined 100% and 300 % thresholds that would indicate/trigger possible "need for additional capital support" and heightened regulatory scrutiny are by their nature arbitrary, and provide no basis for specific consideration of the strength and quality of underwriting (including the fact that well underwritten non owner occupied financed property can provide significantly enhanced credit quality if the borrower has significant additional and/or unrelated sources of income for debt service). If this factor does not exist, then current regulatory oversight of "safe and sound" practices provides the regulators with more than ample ability to remedy and sanction the affected institution.

As proposed, this guidance will leave the examined financial institution to only wonder and guess what capital related sanctions might apply if the 100% or 300% thresholds are exceeded. Again, current and long existing regulatory authority is already in place to remedy any "unsafe and unsound" lending practice that this proposal envisions. This proposal will only add a layer of less than well defined concern/potential uncertainty to the financial institution's already significant agenda.

Weak and unsound underwriting practices, undue concentrations of any type, less than appropriate allowances for loan losses and capital levels are all currently in the active domain of regulator authority and prescriptive remedy. Regulation H and other real estate guidelines, policies and regulations should be applied and enforced to deal with the stated concerns; not addressing them by adding new, broad and vague guidelines and sanctions to increase the regulatory burden.

Thank you for considering our views.

Sincerely,

Charles H. Majors
President and Chief Executive Officer

Attachment