April 14, 2006

Office of the Comptroller of the Currency
250 E. Street, SW
Mail Stop 1-5
Washington, DC 20219
Attn: Docket No. 06-01

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th Street & Constitution Ave., NW
Washington, DC 20551
Attn: Docket No. OP-1248

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

Regulation Comments
City Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW
Washington, DC 20552
Attn: No. 2006-01

Re: Concentrations in Commercial Real Estate Lending,
Sound Risk Management Practices

Dear Sirs and Madams:

BB&T appreciates the opportunity to comment on the proposed guidance on sound risk management practices for concentrations in commercial real estate lending issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (together, the "Agencies").

BB&T has been an active commercial real estate lender throughout its 134 year history, lending successfully through many economic cycles. We agree that any bank involved in commercial real estate lending should have sound risk management practices and should be adequately capitalized. However, we do not agree that the Proposed Guidance is necessary. We are concerned that the Proposed Guidance is too restrictive and could negatively affect not only BB&T but more broadly the entire U.S. economy. Some institutions could be prevented from meeting demand in their marketplace, which could thereby lead to decreased profitability. It could also result in otherwise safe, profitable business going to non-bank competition. Such an outcome would not be conducive to the continued strength, and the safety and soundness of the financial system.

Please consider the following additional comments:

- The Agencies have previously issued regulations and guidance that outline supervisory expectations for a safe and sound real estate lending program. Should the Agencies have concerns about the risk management practices or capital adequacy of a particular institution, they already have the authority to require the institution to strengthen risk management practices and/or increase capital levels. It is for this reason that BB&T believes that the Proposal Guidance is unnecessary.
- The Proposed 100%/300% concentration thresholds appear to have been arbitrarily set and are not based on any relative measures of risk within the commercial real estate portfolio. For example, under the Proposed Guidance, a $1,000,000 loan on an office building with no tenants and a 100% loan to value would have the same relative weight as a $1,000,000 loan on a fully leased office building with a 75% loan to value. Further, the risk ratings of these loans are not considered.
- The 100% limit on residential A&D and construction singles out an area of lending which was least characterized by lending excesses in past downturns. This part of the real estate portfolio typically performed better than other types of real estate lending
- The proposed limits do not recognize granularity diversification in the portfolio, and relatively are far more restrictive than a bank's legal lending limit for a single customer as set by current regulations.
- Many of the risk management practices suggested in the Proposed Guidance are already being used at BB&T. We believe our current practices permit us to prudently manage our real estate lending risk. Further, we believe that it would be difficult and expensive for us to comply with some of the suggested management information system requirements on either a manual or automated basis.
- Current Call Report data formats make determination of compliance with the proposed Guidance difficult. Expansion of FDIC codes to create more granular classification would provide better risk management data. In particular it would be helpful to create a category for Owner Occupied real estate loan reporting since these loans would be excluded from CRE concentration calculations.
- The Proposed Guidance is vague on the level of additional capital that would be required to support a Commercial Real Estate concentrated portfolio. We believe that bank capital related to concentration in Commercial Real Estate should be addressed within the risk-based capital framework (Basel I, I-A, or II).
- BB&T operates three state-charted banks owned by a holding company. The Proposed Guidelines are unclear as to whether the concentration tests will be at the individual bank level or rolled up to include all banks at the holding company level. We would prefer to have the tests at the holding company level.

I would again like to express my appreciation for the opportunity to comment on the Proposed Guidelines. If I can answer any questions or provide any additional information to you, please contact me.

Very truly yours,

Kenneth L. Daniels
Executive Vice President
Corporate Credit Risk
BB&T