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Community Trust
BANK

March 31, 2006

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

Attention: Comments on Commercial Real Estate Proposed Guidance

Dear Mr. Feldman:

The proposed guidance should be withdrawn. While we recognize that, at least on an aggregate basis, there may be a concentration of various types of credit that are characterized as CRE lending, we believe this area of risk deserves to be a focus of attention in the examination and supervision process rather than a screen based on arbitrary definitions and arbitrary thresholds.

It is misleading to aggregate all types of commercial real estate loans as a single market sector. Single family construction lending, condominium construction lending, multi-family construction lending, development lending, retail shopping center lending, industrial construction lending, and hotel and motel lending each carry significantly different risk levels. Indeed there are varying levels of risk inside of each type of portfolio. For example, a single family construction loan should be treated differently based on whether the borrower is the owner, a contractor building a pre-sold custom home with permanent take-out or a contractor building speculative housing.

We are concerned that the proposed guidance is focused on aggregate limits of capital without considering the individual risk mitigants and controls that well-run banks have in place to monitor and control risk. The result will be that a large percentage of banks will be subject to expanded procedures proposed in the interagency guidance regardless of how well they are currently managing and controlling the risks related to CRE lending.

This guidance is of particular concern to banks in Mississippi and Louisiana. Repair and reconstruction in the areas damaged by Hurricanes Katrina and Rita will cause bank portfolios to be heavily weighted toward commercial real estate as defined in the proposed guidance. Placing arbitrary limits on Commercial Real Estate lending will mean that banks in those areas hardest hit will not be able to participate in the recovery as fully as they might otherwise have.

We have concerns that some of the practices in the proposed guidance, such as portfolio stress testing and comparison of the institution's underwriting standards for individual property types with standards that exist in the secondary market, are more appropriate for larger and more complex financial institutions than for smaller community banks. Commercial Real Estate lending in a safe and sound manner is one of the strengths of the community banking system. If CRE lending is identified as having elevated risk in the eyes of the regulators, an unintended consequence could be to push banks into lending activities in which they lack expertise such as asset based lending or accounts receivable financing while withdrawing funds from commercial lending, a source of strength to our nation's economy for decades. Again, we urge you to withdraw the proposed guidance.

Sincerely,

Glenn F. Austin

Glenn F. Austin
Senior Vice President and Chief Credit Officer

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