Bramble
SAVINGS BANK

April 13, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation

RE: Comments on Proposed Guidance and Risk Management Practices for Institutions with Concentrations in Commercial Real Estate Lending

Dear Mr. Feldman:

We appreciate the opportunity to comment on the above noted proposal. Bramble Savings Bank is a small, FDIC-insured, state-chartered savings bank in southwestern Ohio. We see the proposal as another way of keeping small banks from competing in one of the arenas in which we have traditionally excelled.

With the proliferation of competitors in the owner-occupied home market, commercial real estate is one of the markets left where bankers have a natural expertise and a competitive advantage, so it has become an important part of bank profitability. This proposal will impose costly compliance new burdens on the industry in the commercial real estate field, without any corresponding reduction in risk or other benefit to the system. This increased cost is seen in the extensive list of risk management practices required for those banks and thrifts that cross the two-tier threshold. To make it substantially more difficult and expensive for banks and thrifts to participate in those markets will erode profits to the detriment of system safety and soundness.

A small bank like ours will find it almost impossible to compete in this field under these requirements. We may then be forced to accept narrower margins in other traditional loan products or to accept more risk by entering loan markets in which we have relatively little expertise. If there are a significant number of institutions in our position, then it is possible that the reduced competition in commercial real estate will have an adverse effect on that lending market.

We respectively request that the regulators withdraw this proposal. It appears to us that the current examination practice permits regulators to focus their resources on institutions that have increased risk instead of forcing substantial additional compliance costs on all institutions that happen to cross an arbitrary threshold. While we are sure that there are individual banks and thrifts that have concentration or credit quality issues in commercial real estate lending, those problems are better dealt with on a case-by-case basis through the existing exam process. As a side note, we must say that we are unaware of any recent financial institution failure on the grounds of concentrations in the commercial real estate market.

Again, we appreciate the opportunity to comment.

Yours truly,

James Wm. Gronefeld
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