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April 13, 2006

Office of the Comptroller of the Currency
250 E. Street, SW Mail Stop 1-5
Washington, DC 20219
Regs.comments@occ.treas.gov

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

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitutional Avenue, NW
Washington, DC 20551
Regs.comments@federalreserve.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
Attn: No. 2006-01
1700 G Street, NW
Washington, DC 20552
Regs.comments@ots.treas.gov

Re: Proposed Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices (OCC Docket No. 06-01; Federal Reserve Docket No. OP-1248; FDIC, OTS No. 2006-01)

Ladies and Gentlemen:

KeyCorp appreciates the opportunity to provide comments on the January 13, 2006 proposal of 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 ("Agencies") for guidance on "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" ("Guidance"). This letter is provided in response to the Agencies' request for public comment regarding this Guidance.

Overall, we (KeyCorp) are supportive of issuance of the proposed Guidance by the Agencies. We are in agreement with the definition of Commercial Real Estate, and the general risk management principles detailed in the Guidance including board and management oversight, strategic planning, underwriting, risk assessment and monitoring, portfolio risk management via effective management information systems, concentration and market analysis, stress testing, and appropriate consideration in establishing the allowance for loan losses. However, we feel reference to capital requirements should be closely tied to the risk-based capital framework under the Basel Accord rather than being solely dependent on levels of CRE concentration.

Although KeyCorp is well below the concentration thresholds provided in the Guidance, we have risk management systems and capital levels commensurate with the spirit of the Guidance. We are hopeful bank examiners will consider the structure and risk profile of individual commercial real estate portfolios, such as geographic and product diversification, when assessing the effectiveness of a bank's risk management program. We believe it is important that conformity to the guidance be based on the overall effectiveness of the risk management practices versus precise conformity with each provision of the guidance. In addition, we believe that the guidance should reflect the oversight role performed by boards of directors, versus management's responsibility for approval of the day-to-day risk management procedures.

In summary, it is our belief the Guidance will instill more discipline to Commercial Real Estate lending activities, which should be helpful to both our organization and the industry as a whole. Thank you for the opportunity to comment on this important matter.

Sincerely,

EJ Burke

Renee Rush Csuhran