From: "Mac Holley" <mholley@flcb.com> on 02/16/2006 09:27:40 AM

Subject: Interagency Concentrations in Commercial Real Estate Lending

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Jennifer Johnson

Dear Jennifer Johnson:

I would like to comment on the Guidance being proposed with respect to commercial real estate lending.

I can appreciate the concern regarding the banking industry's potential vulnerability to a real estate downturn. I have concerns, however, that the Guidance as announced will have a negative overall effect on my institution and the economy as a whole. Real estate developers and investors rely heavily on community banks under certain loan thresholds that larger banks choose not to pursue.

My concerns are not so much with the individual practices set out in the Guidance, but rather with the way the Guidance is imposed. I believe that our industry has learned from past mistakes and does a much better job assessing risk and structuring loans to mitigate risk.

Specifically, there are several points we would like for the Guidance to make clear. First, that in looking at concentrations there will not be a one size fits all response. Each of our institutions has a different history, different controls, different portfolios, and different markets. When those in the field determine there is a concentration any response needs to be tailored for the specific circumstances.

Second, we hope the Guidance will make it very clear that if the concentration thresholds are exceeded it does not automatically require a capital increase. Any increase should be in the context of the circumstances of the particular institution.

Third, the Guidance should expressly indicate that its purpose is not to discourage commercial real estate lending.

If the Guidance is imposed in a mechanical or arbitrary manner or if it is intended to effect a policy shift discouraging commercial real estate lending then I fear grave consequences. Secured real estate lending has been the bread and butter of banks in Florida. If such loans are not available then will we have to look to other types of credits which historically have been more risky?

Perhaps most important, if the message is perceived to be that commercial real estate lending has great regulatory risk, then such loans will significantly diminish. This will lead to a downturn in our economy that will create systemic problems for banks far beyond the risk of commercial

real estate loans.

I thank you for your consideration of these concerns and comments and hope that the final Guidance will address them in a meaningful way.

Sincerely,

Mac Holley