UNITED LABOR BANK f.s.b.

EXECUTIVE OFFICES

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street N.W.
Washington, DC 20552

Attention: No. 2006-01

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

Gentlemen:

United Labor Bank, fsb (ULB) is pleased to have the opportunity to comment on the inter-agency proposed guideline entitled "Concentrations in Commercial Real Estate, Sound Risk Management Practices" issued January 13, 2006. First ULB Corp., the holding company for United Labor Bank operates one federally-chartered Thrift headquartered in Oakland, California with four branches serving Los Angeles, San Jose, Oakland and Sacramento. During the last eight years, ULB has originated multi-family real estate loans in all of these regions, through retail and broker origination as our primary loan product. Currently ULB's portfolio of multi-family represents 48.62% of our loan portfolio.

The Board of Directors and management of ULB agree that certain commercial real estate loans or concentrations of loans provide risk profiles that may become more vulnerable to the cyclical commercial real estate markets. We disagree with the definition of commercial real estate as it is used in the joint agency proposal, as it will constrain our ability to serve this market without undue regulatory burden. OTS-supported evidence provides documentation that multi-family loans do not present the same risk characteristics as other commercial real estate loans.

ULB began originating multi-family loans because we could not compete in traditional thrift residential lending due to intense competition from non-bank/thrift companies that have since come to dominate the single-family residential market. Multi-family loans allowed us to conform to the charter restrictions of the "Home Owners Loan Act" while providing a risk profile that we could adequately manage. Multi-family has generally been perceived as having a greater degree of risk than one-to-four family loans because of higher loan amounts and the perception of higher risk due to adverse swings in the economy. ULB's experience, and we believe the industry experience, has been the reverse during the past ten years. Multi-family has out-performed one to four residential in both delinquencies and charge-offs. We believe that multi-family should no longer be considered non-homogeneous but rather a staple of the residential platform for thrifts in

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this country.

We strongly believe that combining multi-family real estate lending within the commercial guidelines, without setting individual risk standards by product, will impair the thrift charter and further reduce the thrift industry's ability to compete in the residential loan marketplace.

We appreciate the opportunity to comment on the issues contained in the joint agentcy proposal and OTS Document 2006-01 and urge the agency to consider the value of the multi-family product and work with the industry to develop a risk management system that recognizes the risk inherent with each of the products.

Respectfully submitted,

Malcolm F. Hotchkiss

Malcolm F. Hotchkiss
President & Chief Executive Officer

Malcolm/ulb/regulation comments