VIA E-mail: regs.comments@ots.treas.gov

April 12, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, NW
Washington, DC 20552
Attention: No. 2006-01

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

Gentleman/Madam:

City & Suburban Federal Savings Bank ("City & Suburban") appreciates having the opportunity to comment on the interagency proposed guidance entitled "Concentrations in Commercial Real Estate, Sound Risk Management Practices" (the "proposed guidance"). City & Suburban is a is a federally chartered stock savings institution with ten branches serving customers in Westchester County, New York and in the New York City boroughs of the Bronx and Manhattan. City & Suburban has an eighteen-year track record of successfully originating and servicing multifamily and commercial mortgage loans in the communities that are located within seventy-five miles of our Yonkers, New York headquarters.

We have adopted this self-imposed geographic limitation for the following reasons:

- We understand the various neighborhoods that comprise the New York metropolitan area and the unique attributes that affect the value of the collateral located in these neighborhoods.

- We are close enough to the underlying collateral so as to properly monitor and inspect the collateral on an ongoing basis.

- We are able to maintain a constant dialogue with our borrowers and stay ahead of potential problems.

- We are able to quickly address any problems that might arise.

We believe the proposed guidance would effectively redefine City & Suburban's fundamentally sound lending practice as a high-risk operation.

We concur that institutions with a concentration of commercial real estate loans should have sound lending practices, capable management, and a knowledgeable and engaged board of directors that actively participates in overseeing all aspects of the institution's business. We understand that institutions must maintain sufficient documentation to satisfactorily demonstrate that the above requirements are being adhered to, and we already implement many of the risk management principles contained in the proposed guidance. There are some additional procedures, primarily pertaining to documentation that, we will add to our procedures.

However we strongly disagree with some of the recommended guidelines for sound lending practices that are contained in the proposed guidance. It is our opinion that:

1) Comparing underwriting procedures to secondary market practices would add additional costs, without necessarily improving credit quality, putting community banks at a competitive disadvantage.

2) While stress testing individual loans is clearly prudent, stress testing entire loan portfolios, for changing economic scenarios, could be burdensome to implement and not necessarily provide meaningful data to enhance risk management.

3) Most importantly, we believe the proposal will automatically increase capital requirements for institutions with commercial real estate concentrations without regard to an institution's experience and risk management expertise.

It is our opinion that broad-based guidelines, which mandate industry-wide lending limitations, prohibitions, and increased capital requirements, without giving due consideration to the policies, practices and expertise of the particular institution, could ultimately cause greater harm to community banks and the economy than the perceived benefits. We believe that some of the unforeseen consequences of the proposed guidance would include the following:

- The guidance would effectively cause most community institutions to exit the commercial real estate market, or severely curtail commercial real estate lending, as they would quickly exceed the proposed loan to capital thresholds.

- The guidance would make it more difficult and more expensive for smaller borrowers to secure financing as these borrowers generally lack the sophistication and/or economic substance to access the conduit lenders that comprise the secondary market.

- The guidance would push community banks into more risky business and other markets where they lack sufficient knowledge and expertise to manage these new risks. (Where does an institution prudently invest its residual assets when it stops making real estate loans because the real estate portfolio reaches 300% of capital?)

We appreciate having the opportunity to comment on this important proposal.

Respectfully,

Michael J. Indiveri
Executive Vice President