PARK VIEW FEDERAL
SAVINGS BANK

April 11, 2006

Office of Thrift Supervision
Washington, DC

RE: Response to January 13, 2006/Notices
Docket No:2006-01

Gentlemen:

Park View Federal Savings Bank has been a community bank in the greater Cleveland area since 1920. Since the 1980's it has operated under a business plan the basis of which has been the following.

1. The origination and sale to FHLMC and FNMA of long term fixed rate mortgages on 1-4 family residential property.

2. The origination for portfolio of adjustable rate first and second mortgage loans on owner occupied and non-owner occupied 1-4 family residential property.

3. The origination of small adjustable rate commercial and multifamily mortgage loans to local businessmen, real estate investors and entrepreneurs.

4. The origination of small adjustable rate residential construction, A&D and land loans to local builders and investors.

In all but a very few cases all of the loans originated and retained by Park View Federal have been made within our designated lending area which is the seven county area of greater Cleveland. As called for in the business plan all of the said loans have been personally guaranteed by credit worthy borrowers and were originated to conform to Park View's underwriting standards concerning debt coverage ratio, loan to value ratio and Park View's internal loans-to-one borrower limit (currently $6.0 million). All loans held in portfolio were originated as adjustable rate loans. Portfolio limits for each type of loan were established by the Board of Directors and an annual financial review of large borrowers has been performed by management.

The objectives of the business plan were to provide the community served by Park View Federal with the vitally needed credit that was not being provided by the large regional

CORPORATE CENTER • 30000 Aurora Road • Solon, OH 44139

or national banks, FHLMC and FNMA and GE Credit, etc. All portfolio loans were to be adjustable rate loans to minimize interest rate risk, and the borrower and the security property were to be within the Bank's designated lending area to insure that the credit risk could be accurately and efficiently evaluated and minimized. Further, no loans were to be made on specialized property types such as nursing homes or hotels where the cash flow would be dependent upon management expertise and not the intrinsic value of the real estate.

In the seventeen years since we have adopted the plan we have grown from approximately $250 million to almost $900 million. In this time we have had virtually no credit losses. We believe our plan has been successful and has truly served the needs of our community. Our commercial real estate loan portfolio for both owner occupied and non-owner occupied property has always been close to the regulatory limit of four times capital. Needless to say, this amount when combined with our construction loan and A&D and land portfolio puts our ratios far above those contemplated by your proposal.

We believe that because our lending is community based and is backed up by meaningful guarantees from credit worthy borrowers that there is not excessive risk in our lending practices. We have invested heavily in the information systems to insure that our loans are properly originated, disbursed and serviced. We believe that in all respects our performance has demonstrated our ability to manage all of the risks inherent in the type of lending described in our business plan.

The following are examples of loans that we typically make that would be considered high risk under your proposal and that we believe are actually low risk if underwritten and serviced properly.

1. A first mortgage loan in the amount of $500,000 on a neighborhood retail strip shopping center valued at $1,500,000 and additionally secured by the assignment of leases from credit worthy tenants (often national) and personally guaranteed by an individual with excellent credit and a net worth in excess of $5.0 million.

2. A first mortgage loan in the amount of $2.0 million on a 60 unit apartment building with an appraised value of $3.0 million personally guaranteed by credit worthy borrowers with substantial net worth.

3. An A&D loan in the amount of $3.0 million for the development of 40 single family lots that are presold to a national home builder for $4.8 million. The developer has excellent credit, a strong net worth and a long, excellent track record with the bank

4. A first mortgage loan in the amount of $3.0 million to be used as a revolving line of credit for the construction of presold homes to a home builder who has done business with the bank for 25 years and who has excellent credit and substantial net worth.

We understand that not all borrowers and all projects are perfect and that there are definite risks inherent in the type of lending described above, but that is true of any type of lending. We believe that with proper underwriting these loans do not merit the label of high risk.

We are well capitalized, but do not have excess capital. Thus should your proposal be adopted and our capital requirements significantly increased it will cause a major disruption of our business. We do not feel that your proposed reclassification of all commercial, construction and multi-family loans as high risk is justified and we urge you to reconsider your proposal.

Very truly yours,

PARK VIEW FEDERAL SAVINGS BANK

John R. Male
Chairman

JRM/tg