Office of Thrift Supervision
Department of the Treasury

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6000

Because of the volume of comments received on No. 2006-01, OTS is posting the comments received on this proposal in a different format to allow the agency to post comments more efficiently. Where identical comments have been received from more than one individual, the template letter will be posted with a link to an alphabetical list of those submitting that comment ("signatories"). Originals of all comments received may be reviewed at the agency under the procedures described in the notice of proposed rulemaking. This procedure affects only the posting to the website and does not affect how comments will be counted and considered -- each individual's comment will still be treated separately.

The list of signatories to this comment may be found here.

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

RE: Commercial Real Estate Lending Proposed Guidance (71 FR 2302)

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed guidance. In my position as Vice President of the Bank of Benton in Benton, Kentucky, I have grave concerns about the scope of the guidance and the inclusion of certain loans.

Bankers agree, and understand the regulatory concern that banks should not hold an unwieldy concentration of commercial loans. Risk management in the area of commercial loan portfolios should, and is taken quite seriously. However, this concern and the increased focus on the area of commercial lending because of some poor choices made by some bankers, should not result in a policy which threatens the core of our community banks.

The new proposal contains methodology changes which would place a disproportionate burden on smaller, community banks, when compared to larger institutions (over 1 billion). This disproportionate burden is not justified when viewed against the risks sought to be mitigated. This proposed guidance would displace the strength of community banking, knowing customers and circumstances, with a strict formula. Community banking thrives on its ability to manage and monitor the risks in its community of banking customers and services. This proposal would take that strength away in the area of real estate lending.

Knowledgeable bankers and regulators are already positioned to monitor and evaluate CRE concentration risks. CRE concentration issues should be reviewed on a bank by bank basis, as determined by the overseeing regulators. Banking today, as always, cannot be positively served by applying a "one-size fits all" standard in this area.

Sincerely,

Bank of Benton