Harbor Federal

April 12, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attn: 2006-01

Re: Docket No. 2006-01
Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices

Dear Sir or Madam:

After reviewing the proposed guidance on real estate lending, I feel it is important to assert my concerns. Commercial real estate lending is an extremely important part of the Florida economy. I feel the end results of the proposed action could have negative impacts to both the banking industry and the communities that we serve. The broad based guidelines stated in the guidance do not take into account local economies and individual lending practices within each particular bank. As an unintended result banks could be forced to extend lending practices beyond its expertise into other types of credits, which historically have been more risky such as floor plan or indirect lending.

I understand the need for sound credit underwriting and heightened credit concentration monitoring given each bank's situation. However, I feel that the thresholds set for determining a concentration in real estate is too low and arbitrary. As you know, concentrations of credit can be stratified in a multitude of ways. This guidance does not take into account additional compensating credit risk controls such as loan-to-values and legal lending limits. Additionally, credit should be given to banks with a less risky portfolio mix such as a concentration of 1-4 residential loans.

The proposed guidance is also well beyond its scope to apply additional capital restrictions based on lending levels. If it is determined that minimum capital levels are insufficient, then this should be addressed within the Agencies' capital adequacy guidelines.

Thank you for your time and attention to these points of view and hope they will be addressed in the final Guidance.

Sincerely,

Michael J. Brown

Michael J. Brown, Sr.
Chairman & CEO
Harbor Federal Savings Bank
Docket No. 3257

100 South Second Street, Fort Pierce, FL, 34950
772-461/2414