From: William Holley [bholley@thepalmbank.com]
Sent: Friday, February 17, 2006 8:28 AM
To: Comments, Regs
Subject: Proposed Guidance for Commercial Real Estate Lending

William Holley
2302 W. MacDill
Tampa, FL 33629

February 17, 2006

William Magrini

Dear William Magrini:

I am writing to express my concerns at the proposed guidelines for real estate lending leading toward the identification of institutions with Commercial Real Estate concentrations warranting greater supervisory scrutiny.

First, let me say that we believe that we are following most procedures and practices detailed in the FIL 4 2006 dated January 13, 2006 and are conducting a review of the document and will incorporate the recommendations into our institutions strategic plan and loan policies and procedures where appropriate.

Our concern with the proposal is on the proposed threshold limits that are proposed. Our second concern is how these limitations might be monitored. We are a three year old Florida community bank who has benefited from the growth in the commercial real estate market in our area. We wish to continue to benefit from that growth and feel that the proposed limits will inhibit our ability at achieve our initial growth plan as it will limit our loan growth in commercial real estate.

The ability to extract the monitoring information from the call report is limited; while the proposal recognizes the lower risk inherent in owner occupied commercial real estate loans and excludes them from the threshold limits; the call report does not specifically contain this number, it is included in item 1.e along with other Nonfarm Nonresidential loans.

In addition to the above, we believe that the proposed guidelines, if implemented would place us at a competitive disadvantage to the large national banks that have the ability to shift concentrations around the country according to the market demand and yet remain with in the guidelines over all. This problem may be unique to Florida based community banks as we are in a growing commercial real estate market.

We also believe that it will have the unintended consequence of limiting the growth of the smaller builder/developer as the community banks tend to serve the smaller builder/developers while the large banks tend to focus on the larger businesses. This could lead to a rationing effect and higher prices which would have a negative impact on the ability of the smaller builders/developers to successfully compete against the larger competitors.

I thank you for your consideration and hope that the final guidelines if adopted will address these issues. I would be happy t answer any questions which you many have.

Sincerely,

William B. Holley
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