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rec'd. 11/28/01

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

(via email to: regs.comments@ots.treas.gov)

Attention Docket No. 2001-67

Dear Sir or Madam:

Jackson Federal Bank (the "Bank") is an OTS chartered thrift with approximately \$1.3 billion in assets located in Brea, California. Our market area is primarily southern California, where we operate 14 retail offices and 3 lending offices. Due to the domination of the single family lending market by the quasi-government agencies, along with the thin margins and extreme competition for such business, we have chosen to serve our market principally through commercial real estate and multifamily lending.

We are strong proponents of the thrift charter and commend OTS' efforts to make the charter more responsive to today's environment. The proposal is a very good one and goes a long way towards allowing thrift institutions more flexibility in their operations. We are supportive of all of the elements of the proposal.

However, we believe that it does not go far enough in allowing full flexibility for business lending. The proposed increase in the definitional size for a small business loan from \$1 million to \$2 million is a good one. We agree that \$2 million is an appropriate size test for a small business loan. We also noted that the loan may either meet the definitional requirements of the Small Business Administration, or be made to a business borrower. It is our opinion that this language places undue emphasis on the borrowing entity, as opposed to the use of the proceeds. In fact, the great majority of our commercial loans are made to individuals, even when the proceeds are used for the small business operated by such borrowers. We believe the definition of small business loan can be slightly modified, but result in dramatic improvement, by removing the requirement it be made to a business borrower. We believe this to be far more important to serving small business needs in our community than focusing the definition on the borrowing entity.

Therefore, we suggest that the definition of a small business loan be modified to state that *any loan of \$2 million or less that is principally used for business purposes* meet the definition of a small business loan. Such a definition will eliminate confusion and interpretive differences, while allowing institutions such as Jackson to focus greater efforts on such business purpose loans.

Thank you for the opportunity to comment.

Sincerely,



D. Tad Lowrey
Chairman and Chief Executive Officer