



Loan Department

2001 East Joppa Road
Baltimore, Maryland 21234
410-665-7600
Fax 410-665-4212

March 17, 2006

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

Re: Commercial Real Estate (CRE) Lending Proposed Regulations

Dear Sir,

I spent this past Monday at the America's Community Bankers Conference in Washington. I listened to banker after banker talking about the success they have been having competing against large banks by developing a niche and becoming profitable within that niche. To be honest, I would not feel comfortable in most of those niches, such a mobile home lending, boat loans or foreign currency trading. I would not pretend to be an expert and would avoid those transactions, yet I would not say that those banks that are doing these things are reckless simply because I don't understand it.

One of the final speakers was Scott Polakoff, Deputy Director of the OTS. He was very clear. "If you can't explain it to your grandmother in layman's terms, you shouldn't be doing it." My grandmother, now long departed, would not have understood today's various residential loan products, much less some of the commercial lending that we do.

These proposed regulations are like Mr. Polakoff's comments; they are intended to punish those banks that have developed a successful niche in commercial real estate. This proposed regulation would not effect large banks that are diversified. This proposed regulation would only effect small community banks that have developed a niche in real estate lending. Will the next move be that credit cards are too risky, and banks that have over 100% of capital out on credit card balances be subject to greater scrutiny. You would not do that to the MBNA's of the world, why are you attacking small banks that have a niche in real estate.

I fear this is another example of the burdensome regulations placed on banks, despite the repeated comments from OTS Director Reich and others that you are trying to relieve the regulatory burden on these same small banks.

Sincerely,

William C. Lucas
Senior Vice President

