FIRST FEDERAL
SAVINGS BANK OF CHAMPAIGN-URBANA

March 28,2006

Ms. Jennifer Johnson, Secretary
Board of Governors of the Federal Reserve System
20th St., and Constitution Ave., NW
Washington, DC 20551

RE: Docket No. OP-1248
     Proposed Commercial Real Estate Guidance

Dear Ms. Johnson:

This correspondence is in regards to my comments on the guidance being proposed with respect to commercial real estate lending activities. I have had a successful thirty year career in the commercial real estate lending field, so I feel that I am qualified to make comments on this guidance.

I certainly believe that I am as concerned about maintaining the safety and soundness of my bank as are the regulators. I can also understand the need for sound lending policies and quality loan portfolios. However, I strongly believe that any guidance that imposes additional requirements in a mechanical manner could lead to policy shifts in the lending practices of my bank and other community banks. In addition, this guidance could also discourage commercial real estate lending and possibly even encourage more risky types of lending.

Furthermore, if the regulatory agencies find it necessary to impose threshold tests, I would strongly encourage them to exclude from this test multi-family loans, construction/permanent financing, and pre-sold residential construction loans. I also believe that any guidance where the concentrated threshold is exceeded that it would not automatically require a capital increase.

One last recommendation that I have is that the formula for this guidance should take into account a bank's historical losses and delinquency ratios in this area of lending. A bank that has sound underwriting and risk management experience coupled with an experienced management team may have displayed fewer problem loans in the area of concentration that are of concern to the regulators. In conclusion, I strongly encourage the regulators to use discretion when considering implementing the proposed guidance.

Sincerely,

Paul D. Wilson
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