

R. T. Avery, III
9619 Kingussle Lane
Richmond, Virginia 23236

March 22, 2006

Robert E. Feldman, Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

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Re: Comments Concerning Concentrations in Commercial Real Estate Lending,
Sound Risk Management Practices

Dear Mr. Feldman:

I am writing in response to your request for public comment on the proposed changes in regulatory guidance referenced above. I am a founding director of and chair the Loan committee for Village Bank, a seven year-old institution headquartered in Midlothian, Virginia. As a former credit analyst, retail banker/branch manager, loan support officer, and construction loan officer from 1972 – 1981, and a homebuilder and real estate developer since 1981, I have been on one or both sides of the real estate lending desk for the better part of nearly thirty five years, all in the greater metropolitan area of Richmond, Virginia. During that time, there have been three distinct periods of time when the local real estate market, residential and commercial, has been “distressed”: (1) the mid 1970’s; (2) the early 1980’s (when I left banking to become a homebuilder); and (3) the late 1980’s – early 1990’s. In my view, all three of those periods shared similarities: (1) all those periods were much more severe than the current conditions causing concern over the real estate sector of the economy; (2) the greater Richmond metropolitan area fared much better than most of the rest of our nation on all three occasions; and (3) any significant real estate loan write-offs by local financial institutions were a result of over-regulation, panic, and over-reaction. The actions of the Resolution Trust Corporation here and elsewhere, in my opinion, were laughable, except for the enormous waste and the tremendous toll taken on individuals, businesses, and some local economies as a result of their poor decisions. These ill-advised actions and decisions, at best caused by inexperience and/or sheer incompetence, are a prime example of what happens when a “broad brush” approach is taken without concern for or consideration given to specific local information and conditions. Please do not repeat it.

The compound effects of additional compliance burdens, additional stress on existing capital levels, and reduced ability to be competitive could be devastating for a community bank such as ours. More broadly, over-regulation will be stifling and counter-productive to the most consistent sector of many (including our) local economies: real estate. Our real estate market in the greater Richmond, Virginia metropolitan area remains strong. It is not broken. Please do not break it by trying to “force fit” an unnecessary fix. Use existing regulations to deal with problem banks and “spot sectors” of the real estate market which are troubled.

Thank you for your consideration.

Sincerely,



R.T. Avery, III