

**DATE:** [Insert Date]

**TO:** [Insert Name of Department Head/Portfolio Manager]

**FROM:** [Insert Risk Management/Credit Committee Name]

**SUBJECT:** NOTICE: Commercial Real Estate (CRE) Concentration Limit Warning

Dear [Insert Name],

This formal notice is to inform you that the institution's exposure to Commercial Real Estate (CRE) has reached a level that requires immediate attention and monitoring. As of [Insert Date], our data indicates that the CRE portfolio concentration has reached [Insert Percentage]% of total risk-based capital.

Current internal policy guidelines and regulatory expectations set a monitoring threshold of [Insert Threshold Percentage]%. Exceeding or approaching this limit triggers the following requirements:

- **Enhanced Monitoring:** Increased frequency of portfolio stress testing and sensitivity analysis.
- **Review of Underwriting:** A strict review of all new CRE loan applications to ensure compliance with tightened risk parameters.
- **Mitigation Strategy:** Development of a plan to either reduce exposure through loan sales/participations or increase capital levels.
- **Reporting:** Mandatory monthly updates to the Board of Directors regarding concentration trends and market conditions.

Please provide a written response by [Insert Deadline Date] outlining the proposed actions to manage this concentration and ensure it remains within our risk appetite framework.

Failure to address this concentration risk may result in increased regulatory scrutiny and a requirement for higher capital reserves.

Sincerely,

[Insert Signature Name]

[Insert Title]

[Insert Department Name]