March 21, 2006

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

Dear Mr. Feldman:

As a member of the Board of Directors of the Bank of Canton, I am writing this letter to convey my concern relating to the concentrations in Commercial Real Estate Lending and Sound Risk Management practices as proposed by the four bank regulatory agencies. Establishment of these guidelines, while intended to encourage sound risk management practices for institutions that exceed the prescribed loan to capital guidelines, are likely to become mandates through the examination process.

We believe the threshold tests are inappropriate because different types of commercial real estate have very different risk profiles. There is a huge difference in risk levels between CRE loans for contractor spec home construction, commercial construction, and land development- and development from non speculative CRE loans that have firm takeouts or established cash flow patterns.

We believe appropriate capital levels should be determined based on a thorough analysis of the individual financial institution. The application of uniform guidelines does not fit the needs of every financial institution or their lenders.

Despite the fact that we have invested heavily in hiring very experienced commercial lenders, construction lenders, qualified support staff and ongoing independent loan review, your proposal may force us to reconsider Bank's strategic plan. This is unfortunate, as the asset quality of the loan portfolio has been strong based upon comments by regulatory examiners and independent loan review. If the intent of these guidelines is to stop lending by banks without the experience level to properly manage the associated risk, I feel confident that the traditional safety and soundness examination process, regulators currently have in place, is the best method to assess the risk.

The consequence of these guidelines will not only impact this bank and other banks, but the people and economies of the communities we serve. The economic multiplier affect of sound loans to small builders in Massachusetts is significant. Your proposed regulation does not distinguish between large projects and small projects that will finance theses small entrepreneurs.

Where will we deploy these assets, commercial and industrial loans, residential real estate or our investment portfolio? How will that impact our ability to continue to reinvest in people, process and technology?

Ultimately, the application of uniform guidelines throughout the industry may accelerate the ongoing industry consolidation resulting in banking behemoths, unresponsive and uncaring to the needs of small borrowers and communities. I ask that you reconsider these proposed guidelines and rely on the safety and soundness exam process to minimize potential risk posed by concentration within the industry.

Sincerely yours,

Steven V. Rotella
905 Turnpike Street
Canton, MA 02021