THE CO-OPERATIVE CENTRAL BANK

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WILLIAM F. CASEY, JR.
President

January 18, 2006

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

Dear Secretary Feldman:

The Co-operative Central Bank is the Central Bank and excess deposit insurer for the 69 Massachusetts Co-operative Banks. As President of the Co-operative Central, I appreciate the opportunity to comment on the Advanced Notice of Proposed Rulemaking (ANPR) on changes to the risk-based capital framework for depository institutions in the United States. Since the majority of our banks are small community banks and 60-70% of their total assets are in residential one-to-four family real estate loans, I will restrict my comments to that area as follows:

As to: Using loan-to-value (LTV) ratios as the basis of risk weights for first loan one to four family residential mortgages

1. I would recommend that you reconsider the increase of risk weights from 50%-90% or more, especially for those real estate loans that may have adequate Private Mortgage Insurance (PMI) or may qualify under first time home buyers programs and/or Community Reinvestment (CRA) qualified loans for low and moderate income home buyers and/or under served areas. The low risk nature of these residential mortgages and the local economic impact of such programs would in my opinion, support the retention of the 50% weight.

2. LTV updating for quarterly call report reporting would be extremely burdensome for all banks with significant residential mortgage loans. Normally, the LTV is calculated at loan origination only (unless delinquent – which currently is a very low percent of total loans). That LTV ratio is normally maintained for the life of the loan. Periodic update whether quarterly, semi-annual or annual for all residential loans would be quite time consuming could cause delays in timely call report filing and could increase the incidence of inaccurate call reports. Therefore, I would recommend that

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LTV ratio updates be optional and not mandatory for all banks and/or at least all banks with total assets of $1 billion or less.

As to: Quarterly call reporting

3. For quarterly call report purposes, I would suggest that consideration be given to the development of a condensed short form schedule to measure the risk weighted capital for small banks under $1billion in total asset size.

4. See comment 2 above as to LTV update.

Thank you gain for the opportunity to comment on the ANPR. Any consideration that you can give to lesson the regulatory reporting burden to the smaller institutions would be greatly appreciated. If you have any question or need to discuss my comments, please contact me on (617) 695-0400 or via e-mail at wcasey@coopcentralbank.com.

Yours sincerely,

William F. Casey, Jr.
President

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