BENJAMIN FRANKLIN BANK
SINCE 1871

April 3, 2006

Filed Via Email

Robert E. Feldman
Executive Secretary
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Washington, DC 20429
Comments@FDIC.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551
regs.comments@federalreserve.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW.
Washington, DC 20552
Attention: No. 2005-56
Regs.comments@ots.treas.gov

Office of the Comptroller of the
Currency
250 E Street, SW., Mail Stop 1-5
Washington, DC 20219
Regs.comments@occ.treas.gov

Subject: FDIC 2006-01, OCC Docket No. 06-01, Federal Reserve Docket No. OP-1246;OCC Docket No. 05-21;OTS Docket No. 2006-01;Proposed Interagency Guidance on Conentrations in Commercial Real Estate; 71 Federal Register 2302; January 13, 2006;FDIC (No docket ID)

Dear Sir or Madam:

Benjamin Franklin Bank appreciates the opportunity to comment on the proposed guidance entitled Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices (Guidance). While I understand that the federal regulatory agencies have expressed concern with the high concentrations of commercial real estate loans at some institutions, we believe the proposed guidance will have a serious impact on our community bank and local economies in general.

Commercial real estate (CRE) lending has been an important business line for my institution and many other banks in Massachusetts. Community banks play an essential role in creating local economic growth by providing credit to small and medium-sized businesses. During 2005

Benjamin Franklin Bank started an SBA department to help address the small business credit needs in our community. Benjamin Franklin Bank achieved number one SBA 504 lender status in 2005. The proposed guidance will place a significant regulatory burden on our bank, which has worked hard to develop a market niche in commercial lending.

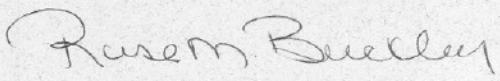
I am particularly concerned with the "one-size-fits-all" nature of the proposed guidance. Institutions are automatically classified as having a "CRE concentration" simply if they exceed the thresholds. Portfolio diversification or other risk mitigation procedures are not taken into consideration. Because real estate markets vary greatly from region to region, and even within a particular state, the agencies should focus more attention on local market conditions and the overall condition of the individual institution than generic thresholds broadly applied to all banks.

The guidance encourages institutions to adopt a series of the proposed risk management principles if a CRE concentration exists. While many banks may have some of these procedures in place, others will be cost-prohibitive for community banks. For instance, there are few effective stress tests available to smaller institutions. If institutions are unable to adopt these principles, some may leave the CRE market altogether. This will disproportionately affect urban areas, since the guidance exempts many of the loans made in rural areas from the threshold calculations. Many times, community banks are the only source of credit available to small business owners in these distressed areas. Forcing banks to reduce or abandon CRE lending in these neighborhoods could inhibit revitalization efforts and leave business owners with no choice but to turn to more expensive forms of credit.

In addition, the guidance recommends increased capital levels for banks with CRE concentrations. This requirement will place a serious burden on our institution.

Thank you again for the opportunity to comment on the proposed guidance and for considering my views.

Sincerely,



Rose M. Buckley
Senior Lending Officer
Senior Vice President

cc: Thomas Venables, President & CEO, Benjamin Franklin Bank
Daniel J. Forte, President, Massachusetts Bankers Association