

March 16, 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 concerned about the concentration 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. Rather, appropriate capital levels should be determined through a thorough analysis of the individual institution. The agency should avoid imposing rigid, arbitrary threshold tests that ignore the actual risks associated with a particular loan or mortgage portfolio.

We have invested heavily in hiring very experienced commercial lenders, construction lenders, qualified support staff and ongoing independent loan review, and 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 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.

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,



Donald R. Smith