



October 22, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Basel III Capital Proposals

Dear Ladies and Gentlemen:

Thank you for the opportunity to comment on the Basel III proposals.

I am the President of a small mutual community bank in Easton, Massachusetts with assets of \$110,000.00. We were established in 1889 and we have been serving our community proudly and successfully through many years of economic and regulatory changes. Our primary business is the origination of home mortgage loans most of which we hold within our portfolio.

The proposed Basel II requirements will most likely be the biggest threat to our continued survival due in large part to the capital requirements that it will impose on an institution that can only increase capital with earnings. While our current capital level of over 10% is considered to be high by today's standards Basel III will bring the ratio closer to the 8% mark, which will be considered to be at the low end within the Basel III guidelines.

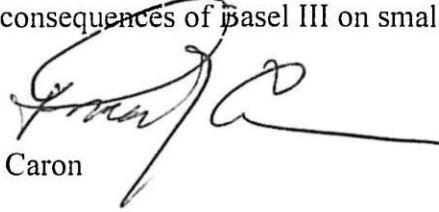
Our investment portfolio consists of Fannie Mae and Ginnie Mae MBS products along with FHLB bonds. All are considered to be safe and prudent investments for a bank. Basel III treatment for these assets would negatively impact our earnings with a 300 basis point shock thereby misrepresenting the low risk that they present to the bank. Reclassification of the investments from "available for sale" to "held to maturity" will impact liquidity and distort to true purpose of the portfolio which is to generate income especially when lending demand is low.

The proposed treatment on home equity loans and portfolio mortgages will force a bank of our size to revisit its mission, which is to provide a local option to financing homes. Since our profit margins are so low we will have to redirect assets to where they can provide the bank with the greatest return in order to remain a viable operation.

275 Washington Street • North Easton, MA 02356 • 508 238-1000 • Fax 508 230-3004
Branch: 507 Foundry Street • North Easton, MA • 508 238-2092 • Fax 508 230-3783

Please consider the role of the community banks in your deliberations and the severe unintended consequences of basel III on smaller community banks.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Caron', with a long horizontal line extending to the right.

Thomas M. Caron
President