BRAINTREE
COOPERATIVE BANK

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551
delivered via email: regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429
delivered via email: comments@FDIC.gov

RE: Basel III Docket No. 1442
Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, RIN 3064-D97

Dear Ladies and Gentlemen:

Thank you for the opportunity to provide comments on the recent BASEL III proposals recently approved by the Federal Deposit Insurance Corporation, the Federal Reserve Board and the Office of the Comptroller of the Currency.

Braintree Cooperative Bank is a $243 million state chartered mutual bank in Braintree Massachusetts. It has a balance sheet which primary consists of $108 million in 1-4 family residential loans, $28.5 million in non farm non residential and multifamily loans, $5 million Commercial Time and Industrial, $67 in debt securities (CMO's, MBS, indexed ARM's, municipal bonds and corporate bonds), $5 million in mutual fund and stocks and $12 million in cash and bank balances and $10 million in other assets.

We have reviewed the Basel III Capital Proposed Rules to determine the potential impact on our capital ratios and more importantly to determine the potential impact on our ability to conduct the business of banking into the future. As a mutual bank Braintree Cooperative cannot access the capital markets and needs years of retained earnings to build capital. Especially in the current interest rate environment Community Banks like ours are limited in their ability to build profits. We see the potential for significant negative impacts on our bank looking forward.

Utilizing "the tool" the Bank has estimated an increase in Risk Weighted Assets of over 12%; predominately in the adjustable rate 1-4 family residential mortgage portfolio held on the balance sheet to mitigate interest rate risk and in First Time Homebuyer loans. Raising risk weights on higher loan to value first time homebuyer residential loans will certainly impair local home financing especially on loans with private mortgage insurance. This particular product would need higher pricing and the resulting monthly payment will probably eliminate some potential buyers from the market. The Bank would need to limit its investments in both these residential products.

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Raising the risk rates on modified loans with impairments and nonperforming loans is also problematic. It duplicates the purpose of the allowance for loan losses and additionally penalizes community banks in states (i.e. Massachusetts) which have extensive consumer protections that elongate the foreclosure process.

Why would the Bank pursue workout strategies that require increase capital? This complex framework to standardize risk weights is a threat to the community bank model in Massachusetts. It is too complex and will result in increased costs, the curtailment of certain housing products and will damage the economic prospects of our communities. These mutual community bank unfriendly standards will force greater consolidation among banks as they chase access to the capital markets and will feed the growth of those banks that created the problem in the first place.

We strongly encourage a substantial review and modification of the Basel III proposals to make them less burdensome and difficult, especially for mutual community banks.

Very truly yours,

David P. O'Brien

David P. O'Brien, Vice Chairman/CEO