PlainsCapital Corporation

Alan B. White
Chairman of the Board and Chief Executive Officer

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

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 2-3
Washington, D.C. 20219

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

I appreciate the opportunity to submit this letter of comment on behalf of PlainsCapital Corporation regarding the Basel III proposals (the "Proposals")[1] that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively, the "Banking Agencies"). As Chairman and Chief Executive Officer of PlainsCapital Corporation, I wish to express our agreement with the issues addressed in the letter of comment (the "Letter") submitted to you today, October 22, 2012, by the American Bankers Association, the Financial Services Roundtable and the Securities Industry and Financial Markets Association (collectively, the "Associations")[2].

Founded in 1987 in Lubbock, Texas, PlainsCapital Corporation is an independent Texas bank holding company and diversified financial services company. The Corporation is comprised primarily of three separate operating businesses: PlainsCapital Bank, PrimeLending and FirstSouthwest. Together, the Corporation and its subsidiaries employ more than 3,700 people in 330 locations across 42 states and the District of Columbia.

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[1] The Proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions*; *Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*

[2] PlainsCapital Corporation belongs to the American Bankers Association and the Securities Industry Financial Markets Association via its subsidiaries PlainsCapital Bank and FirstSouthwest Company, respectively.

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With over $5.8 billion in assets and 34 branches across Texas, PlainsCapital Bank is the financial and strategic foundation of this family of companies, providing personal and commercial banking and lending services to businesses and individuals across the state.

PrimeLending, a wholly-owned subsidiary of PlainsCapital Bank, provides residential mortgage loans to borrowers in 49 states and the District of Columbia, and according to MortgageDataWeb.com, PrimeLending was ranked the No. 3 FHA lender in Texas and No. 6 in the nation for 2011.

FirstSouthwest, also a wholly-owned subsidiary of PlainsCapital Bank, is one of the country's largest diversified investment banks, delivering expertise in public finance, capital markets, corporate finance, and clearing services. FirstSouthwest has served as a financial advisor on more bond and note transactions in the past ten years than any other firm, ranking No. 1 nationally for nine of the past ten years according to MuniAnalytics.

As a financial holding company regulated by the Federal Reserve System, PlainsCapital Corporation has deep concerns about the impact the Proposals would have on PlainsCapital Bank, PrimeLending, and on the U.S. banking system as a whole. We actively participated in the writing of the attached Letter and urge the Banking Agencies to consider each of the issues set forth therein, including but not limited to the following:

- The Banking Agencies should not allow unrealized gains and losses on available-for-sale securities or defined benefit pension obligations to "flow through" Common Equity Tier 1 Capital;

- The Banking Agencies should eliminate the existing 10 percent haircut for mortgage servicing assets, increase the proposed 10 percent deduction threshold for mortgage servicing assets to 25 percent (and recalibrate the proposed 15 percent aggregate deduction threshold accordingly to accommodate such an increase) and grandfather in existing mortgage servicing assets;

- The Banking Agencies should conduct an empirical study of the changes proposed to the current risk weight framework in the Standardized Approach Notice of Proposed Rulemaking, focusing in particular on the necessity of changing residential mortgage risk weights in light of other pending proposals to tighten mortgage underwriting standards; and

- The Banking Agencies should clarify that any capital rules on credit-enhancing representations and warranties would not apply to residential mortgages that are sold to third parties and, for 120 days or less, are subject to a credit-enhancing representation.

While PlainsCapital Corporation supports the Banking Agencies' goal of strengthening our financial system by increasing—at some level—the amount of capital banks must hold, we strongly urge the Banking Agencies to consider the negative impact the Proposals would have on community banks like PlainsCapital Bank and mortgage lenders like PrimeLending.

Thank you for your consideration.

Sincerely,

Alan B. White
Chairman and CEO
PlainsCapital Corporation