

STATE OF COLORADO

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John W. Hickenlooper
Governor

October 22, 2012

Ben S. Bernanke
Chairman
Federal Reserve Board of Governors
20th and C Street, NW
Washington, DC 20551

Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chairman Bernanke, Comptroller Curry, and Acting Chairman Gruenberg:

This letter concerns the proposed rules for Basel III implementation and the impacts these rules could have on Colorado's community banks.

Colorado's economy is still fragile. Recovery among our business and housing markets grows stronger every day and we are finally digging ourselves out of the recession. Community banks, with their prudent, on-the-ground lending experience, are an important part of that continued recovery.

We fear that without a carve-out for community banks in Basel III, Colorado's economy could suffer. The Colorado Bankers Association estimates that Basel III will reduce lending in Colorado by \$2.5-\$3.0 B. The resulting credit crunch and subsequent interest rate impacts would have severe negative impacts on our businesses and consumers. The Colorado housing market has been in a precarious position since the crash and cannot afford a credit crunch.

We acknowledge the importance of ensuring a strong and stable banking system, but believe the Basel III rules have not achieved the correct balance that American consumers desire between growth and stability in their lending system.

Thank you for considering the feedback on the Basel III rules.

Sincerely,

John W. Hickenlooper
Governor of Colorado