

# First National Bank

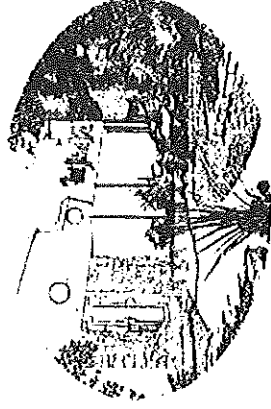
MEMBER **FDIC**

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September 18, 2012

To: Federal Reserve, OCC, and FDIC

From: The First National Bank of Park Falls  
Park Falls, WI

RE: Proposed Basel III Capital Requirements

The First National Bank of Park Falls would like to submit our personal petition to exempt community banks from the proposed implementation of Basel III capital requirements and to allow community banks to continue operating under the current Basel I capital requirements.

The current regulatory environment continues to take away from our Mission Statement.

“Our mission is to provide exceptional, personalized banking services to our valued customers by meeting their financial needs and the needs of our local communities.”

Instead of being active in our community and trying to meet the needs of our customers, we are having compliance, BSA, and loan meetings to figure out how to meet regulatory expectations. Now if Basel III is implemented, it will further restrict our ability to lend and we will have to set up another committee for more meetings. At a speech at our annual Community Bankers of Wisconsin meeting, the Chairman of the ICBA stated his bank does not do mortgage lending. At a time when we need the housing market to pick up, do we really want community banks to stop doing mortgage loans due to compliance issues and the difficulty in processing a mortgage loan?

Many community banks, like ours, have been doing balloon mortgage loans for many years. It has been a staple of our business to reduce interest rate risk while being able to service our local community customers. Our community bank has been rated a 5-star bank by Bauer Financial for over 70 straight quarters. Now we are talking about the elimination of our mortgage loans (our bread & butter) due to regulatory restrictions. Basel III will further limit our ability to do these loans. This doesn't make any sense in our current economic climate. If community banks don't do mortgage loans anymore, who is going to serve our local communities?

Thus, on behalf of The First National Bank of Park Falls, we urge the banking regulators to exempt community banks from Basel III and allow us to continue to operate under the Basel I capital framework. This allows us to more accurately align with the type of assets we hold and the relationship based banking model we follow:

Respectfully submitted,

The First National Bank of Park Falls

Name:	<u>Janice Rasmussen</u>	Position:	<u>Director</u>
	<u>David H. Carlson</u>		<u>Director</u>
	<u>Mary Jo. Guethmers</u>		<u>Director</u>
	<u>Gregory A. Sumner</u>		<u>Director</u>
	<u>Robert A. Schmidt</u>		<u>Director</u>
	<u>Tom Christensen</u>		<u>PRESIDENT</u>
	<u>Kristen Weising</u>		<u>Asst. Vice President</u>
	<u>Bob Schmitt</u>		<u>Vice President</u>
	<u>Steve Miller</u>		<u>VP / Cashier</u>
	<u>John Nadeau</u>		<u>Branch Office</u>

The First National Bank of Park Falls

Name:

Carol MacIver

Eric Newman

Jan Trueman

Patricia Ritzel

Lois Perry

Judy Seifert

Glenn Powers

Viccie Stensel

Mavis Chintala

Tracy Johnson

Rebecca Fritok

Lothi Drake

Leah Zambke

Linda E. Christian

Julia Paluch

Paula Taylor

Amy Johnson

James M. Ritzel

Position:

Registered Assistant

CFP

Loan Officer

Teller

Bookkeeping

Insurance Agent

Insurance Agent

Teller

Bookkeeping

Loan Processor

Loan Department

Bookkeeping

Customer Service Rep

Asst. V.P.

Asst. VP

Teller

Teller

V.P.

The First National Bank of Park Falls

Name:

Maureen Howard  
Betty Kern  
Deborah Wiegand  
Mark Brunkhorst  
Eggs Schuett  
Janet  
Val Mustard  
Maureen Roberts

Position:

Teller  
teller  
teller  
Branch Manager  
Teller  
teller  
Teller  
teller