

# **NORTHMARK<sup>®</sup>** **BANK**

**Jane C. Walsh**  
*President*

October 20, 2012

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

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

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

RE: Basel III--- FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

Ladies and Gentlemen:

Thank you for the opportunity to comment on the Basel III Capital proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

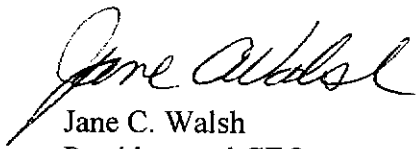
I am President of a \$300 million community bank in eastern Massachusetts in the business of residential mortgage lending and small business lending with a relationship focus. Although I represent a well capitalized Bank, I find the Basel III proposals as a huge challenge to my institution both from a cost perspective and from the ability of my Bank to continue to service the banking needs of my clients and prospective clients. First, the additional regulatory burden will be onerous requiring significant operational upgrades and the resultant increase in costs to go through the minutia to determine combined loan to values for newly established risk weights, etc. Second, even in our well capitalized Bank, we will look to minimize our exposure in portfolios such as the First Time Home Buyer portfolio and the home equity portfolio because of the higher risk weights with resulting reduced access to these credit products right at the time that the economy is struggling to recover and access to financing is crucial. As a relationship Bank, we look to the total account relationship for managing risk rather than "so called" managing risk on a transaction by transaction basis as proposed by Basel III.

Basel III is not tiered and does not provide an exemption for small community banks like my Bank that have a simple balance sheet and traditional lending activities. A one size fits all regulation will severely harm the community banking industry and cut back on the very lending activities that are the backbone of a strong economy.

Community banks should be allowed to continue to use the current Basel I framework for computing their capital requirements and not be forced into a system that was designed for the largest banks rather than the community banks. A scaling back of residential mortgage lending due to the proposed new capital requirements on community banks may be an unintended consequence of this new proposal. Implementation of Basel III will challenge each community bank individually (in the areas of additional overhead, capital access, financing product availability to service clients needs, etc.), and could result in an unintended consequence of substantially weakening the community banking industry as a whole and may jeopardize the housing recovery. I know that our shared intention is not to hamper the strength of community banks but to continue to let the community banking industry prosper as it services its clients across the country. I respectfully request an exemption from Basel III for the community banking industry.

Thank you once again for allowing me an opportunity to express my concerns about the Basel III proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "Jane C. Walsh". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jane C. Walsh  
President and CEO