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Board of Governors of the
Federal Reserve System
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Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
(RIN 1557-AD46)

Federal Deposit Insurance Corporation
550 17th St, NW
Washington, DC 20429
(RINs 3064-AD95, 3064-AD96, and 3064-AD 97)

- Re: Regulatory Capital Rules:
- A. Regulatory Capital, Implementation of Basel III: Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions and Prompt Corrective Action (Regulatory Capital Rule)
 - B. Standardized Approach for Risk-Weighted Assets: Market Discipline and Disclosure Requirements (Standardized Approach)
 - C. Advanced Approaches Risk-based Capital Rule: Market Risk Capital Rule (Advanced Approach)

To Whom It May Concern:

Towne Mortgage Company¹ appreciates the opportunity to comment on the three proposed regulatory capital rules (the Proposal), specifically as it relates to community lending institutions. Towne works closely with community banks to serve borrowers not adequately served by large banks. We believe adopting the rules proposed above will have a chilling effect on lending, reducing the already tight credit available to borrowers.

Our greatest concern is with the universal application of Basel III to all institutions without consideration of an institution's risk to the banking system or its role in providing access to credit, especially as it relates to mortgage lending.

Basel III was published "*...to build additional capacity into the banking system to absorb losses in times of future market and economic stress.*"² Community banks did not widely participate in the type of lending that led to the housing crisis and often provide the only credit in areas where they are located. Community banks do not pose systemic risk to the banking system and the risk of loss at any individual institutions is adequately reserved by the FDIC and far offset by the value community banks brings through lending in otherwise underserved communities.

¹ Towne Mortgage Company is a privately-held mortgage banker servicing loans for Fannie Mae, Freddie Mac, Ginnie Mae and various depository and non-depository institutions. We work with over 100 depository institutions providing home financing in the Midwest, including often underserved rural areas.

² Federal Register Vol. 77, No 169, page 52796, Basel III NPR paragraph.

Further, the complexity of the Proposal and associated costs and infrastructure required to comply with the proposal will not be cost-effective for most community banks, leading to a further consolidation into larger institutions and resulting in reduced access to credit for consumers, especially in rural areas.

We recommend exempting community bank with less than \$10 billion in assets from the proposal, consistent with the oversight of the Consumer Financial Protection Bureau. We believe the availability and affordability of credit provided by the current regulatory rules far outweighs any risk to the banking system posed by community banks.

We strongly urge you to exempt community banks from the Basel III requirement in order to continue access to local, affordable credit.

Yours truly,

A handwritten signature in black ink, appearing to read 'D. Calcaterra, Jr.', with a stylized flourish at the end.

Donald G Calcaterra, Jr.
President
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