

FIRST NATIONAL BANK IN MARLOW

August 14, 2012

Jennifer C. Kelly
Senior Deputy Comptroller
Midsize and Community Bank Supervision

Dear Ms. Kelly:

I received your acknowledgement of my letter regarding the Basel III proposal and feel there is another issue of great concern that has recently surfaced in our community.

Marlow, Oklahoma was devastated by a hailstorm the first of August. More than 70% of our homes will be having roofs, siding and air conditioners replaced. One insurance carrier alone had more than 500 claims of 1500-1700 homes affected.

My concern comes from this. Checks are being issued by the insurance company to the home owners and the mortgage holder. The GSE lien holders are not local but are endorsing these checks for the home owner so the proceeds may be spent or deposited as the home owner wishes. Our bank has witnessed this money being spent for other than designated purposes. Basel III purports to make this a less risk weighted asset as compared to local banks balloon payment loans. We require the checks to be deposited into escrow and will be released when jobs are completed. We do not want our home values to decrease.

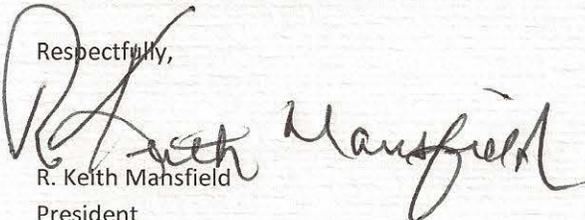
If you wish to have specific examples of this occurrence please advise.

I again ask how our balloon loan real estate asset that we hold 100% of and monitor the appropriate repairs could be riskier than GSEs sold into the secondary market. Common sense tells me the regulators need to acknowledge our approach as being certainly a less risk weighted asset. Could this be another reason we have had to bail them out?

This letter will again be sent to the same regulating bodies my previous letter went to.

Thank you again for your attention to this matter.

Respectfully,


R. Keith Mansfield
President

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