

October 11, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen,

Thank you for giving those of us whom works for a community bank a chance to speak out on Basel III.

For the past 7 ½ years, I have been had the honor of being employed by an amazing family owned community bank. In those past 7 ½ years, I have seen many wonderful people walk into this bank without hope of ever owning their own home or business. When they walk back out that door, they are home and/or business owners. That is what it means to be a community bank. You get to help the people that “big banks” won’t even take a second look at. Or even a first one for that matter.

Considering that it has been the “big banks” that have over lent and depleted their capital, they should be the only ones subject to the requirements of Basel III. Community banks are generally a more conservative lender; therefore, they should not be reprimanded and over regulated for lending practices for which they did not practice.

By increasing the risk weights for loans such as residential balloon, interest-only, and second mortgages, you are penalizing the customers that most likely would not be able to find alternate financing. It is the ability to make these loans that make our bank special to our customers. In many instances, we are the only hope these customers have. We are fair and compassionate community bank, with absolutely no desire to become a “big bank”. Please do not make us subject to the same regulations and penalties that could most likely, put our bank and customers on a downslide to failure.

Sincerely,

Wendy S. Herrington  
JP Stone Community Bank

October 10, 2012

Dear Sirs:

The proposed Basel III has been the topic of conversation where I am currently employed. We are a small, family owned bank in New Mexico. Upon hearing what the proposal entails, I must say I am mortified by what will happen if it is passed. It has been presented to me that if it is passed, we could very well lose our ability to make real estate loans, due to the 150% risk weight assigned to them.

If this proposal passes, it will squeeze out community banks nationwide. We will no longer be able to serve our customers by offering real estate loans. Since most small banks incur a lot of their assets through these mortgages, Basel III would, over time, eliminate our institution, and those like us.

It doesn't seem economical to continuously lump all banking institutions into every bill, law, regulation, and proposal passed. Bigger banks like Wells Fargo and Bank of America have made bad decisions for the greed of their CEOs, and when the government steps in to regulate it, it's the smaller banks that suffer.

Point blank, Basel III looks like a way for the government to take away a person's financial choice. With every regulation that comes down on small banks, they face the risk of shutting down, or being shut down by federal examiners.

I am asking you, to vote in favor of the American people and their right to conduct banking business with an institution of their choice.

Thank you for allowing me to express my concern with you regarding community banks inclusion in Basel III.

Sincerely,

Lindsey Richardson  
Banking Systems Specialist

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**From:** Dannah Brown <dannah.brown@jpstonecb.com>  
**Sent:** Friday, October 12, 2012 11:18 AM  
**To:** Comments  
**Subject:** "Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97"

October 12, 2012

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
220 17<sup>th</sup> Street, N.W.  
Washington, DC 20429

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Mr. Feldman:

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for 46 years. This bank invests in and supports the local community in a way none of the large banks have or will ever do. I have seen people obtain the American dream of owning their own home due to our community bank being able to make loans that would not qualify on the secondary market. I've seen families able to provide school clothes and school supplies for their children, because my bank will make a \$500 loan where our competitor down the street will not make a loan less than \$5,000. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets.

Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Dannah Brown, Senior Vice President  
JP Stone Community Bank

October 12, 2012

Email Memo  
Attn: Regulators

RE: Basel III

Ladies & Gentlemen,

I have worked in a community bank for eight and a half years. We provide personal banking to our customers, and always have a friendly staff to assist them. In our community, banks of our nature are very important to the public. People in general still like to hear their name, talk to a person face to face, and feel welcomed. We strive to provide these services to our customers and our community. We participate in community activities, and try to support growth in the community as much as possible. However, Basel III concerns me. This is going to change the way we do banking. I fear that this proposal will be the end of many community banks. It is going to put financial burdens on already struggling banks that are trying to re-build after the economy break down. It will severely hinder our bank's ability to make the real estate loans we do now. Currently, we have an eight year balloon on our real estate loans to negotiate interest rates as the market and economy changes. This proposal will not allow us to do this.

On the personal side, I am concerned for my career. I love the bank I work in. The management treats the staff very well, and is concerned for our personal well-being. I am building a career for myself to support my family. I was raised to work hard to achieve goals in life. I want to raise my two children the same way. I do not desire to ever work in a bank that is "too big to fail" because I believe they have lost sight of what a person is. People have become a number to the big banks; people are thought of as a group, not as individual persons. My bank still treats customers as unique individuals. We know that each person has a story and I really believe that is important in the core of every person. I know it is to me.

Please take into consideration the concerns of the communities that make up our country. Most everyday "common" people are struggling to recover from the economy. The United States of America was originally created "of the people, by the people, for the people." The concerns of the average, working American need to be heard.

Sincerely,

Kelli R. Allen,  
Community Banker

October 12, 2012

Ladies and Gentlemen:

Re: Basel III Capital Proposals

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

Our bank is a family owned bank in New Mexico. If Basel III is passed as a regulation it would affect all the community banks directly. The regulations would hinder the smaller banks to gain capital which in turn keeps the bank afloat. Simply put the smaller community banks just do not have the capital to cover Basel III which could cause closures in the smaller banks. The smaller banks also help the community out with customers in the community who otherwise would be turned down by the bigger banks for lending purposes. It could directly affect the community in general in which the smaller banks operate.

Furthermore, in my personal opinion it would be better if Basel III was not passed, because it will deter any if all retained earnings or the increase of capital in the smaller banks.

Sincerely,

Vincent Salas

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**From:** Regalado, Melissa <Melissa.Regalado@JPStoneCB.com>  
**Sent:** Friday, October 12, 2012 12:50 PM  
**To:** Comments  
**Subject:** Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97" in the subject line.

October 12, 2012

Ladies and Gentlemen:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for the opportunity to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I am very concerned with what could and would happen to my job if this Basel III gets approved, I work for a small community bank in Hagerman New Mexico. Not only do I love my job,(simply because we help our customers and know our customers) but I love also banking here, my husband owns a small trucking company and with the help of this wonderful small community bank we have been able to purchase semi's and be successful, just like my husband and I have been able to turn to this small bank for help for our small business there are hundreds in the same community that have also done the same, unfortunately you can't go to these big banks like Bank of America (we tried) they turn you down if you don't fit the mold. I am worried for our small business as well as my job.

I know our small community bank would not survive this even though it has been in business over 100 years! We are the only bank in this small town (it's too small for Wells Fargo, Bank of America ect.) our customers know us and depend on us (as a bank). We participate in local school fundraisers, we have helped the school football team purchase state football rings when they couldn't raise enough money!!!! We care about our community not just our customers!

If this Basel III gets approved there would be thousands and thousands of people such as myself unemployed, this is also why I ask that you please take this into consideration when thinking Basel III would be a benefit to our country, it would be disastrous in my opinion.

Sincerely,

Melissa Regalado  
Branch Manager

October 12, 2012

Ladies and Gentlemen:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for allowing me the opportunity to express my opinion/concern of the impact of Basel III on our community bank.

The intent of this proposal is to mirror the Basel III International Accord, which targeted only the largest, internationally active banks. The scope of this proposal looks to impact all U.S. banks not just the large "to big to fail" banks.

Basel III would destroy the existence of friendly customer based community banks in my opinion. This proposal would implement a new minimum capital requirement that community bank need years to build. In addition to that, the implementation of this plan is scheduled to tip off January 2013 when banks are already attempting to recover from the existing financial crisis, recession, and depressed real estate values.

Sincerely,

Jennifer Nevarez



October 12, 2012

Ladies and Gentleman:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for 11 years. This bank invests in and supports the local community in a way none of the large banks have or will ever do. I have seen people obtain the American dream of owning their own home due to our community bank being able to make loans that would not qualify on the secondary market. I've seen families able to provide school clothes and school supplies for their children because my bank will make a \$500 loan where our competitor down the street will not make a loan for less than \$5,000. I personally have benefited from some of these small loans. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Donna Barrera/Payment Processor  
JP Stone Community Bank

October 11, 2012

Ladies and Gentleman:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I am employed by a family owned community bank in New Mexico. Although I have not worked here for that long of time, only 3 years, I know the importance and impact this bank has on the local community. I am one of “those” people that was able to better my living conditions because of being able to obtain a home loan that did not qualify on the secondary market. I also know how important it is for people to be able to borrow smaller amounts to get them through hard times or to provide the basic necessities for their children. If made into regulation requirements, the Basel III proposals will affect how community banks will be able to serve their community needs.

Implementation of the capital conservation buffers for community banks will be difficult to achieve under the proposal and therefore should not be implemented. Community banks do not have ready access to capital that the larger banks have through the capital markets. Due to the current ultra low interest rate environment, community bank profitability has diminished further hampering their ability to grow capital.

The proposed risk weight framework under Basel III is too complicated and will be an onerous regulatory burden that will penalize community banks and jeopardize the housing recovery. Community banks will be forced to originate only 15 or 30 year mortgages with durations that will make their balance sheets more sensitive to changes in long-term interest rates.

Sincerely,

Jo Allison,

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**From:** Brittney Harding <brittney.harding@jpstonecb.com>  
**Sent:** Friday, October 12, 2012 5:02 PM  
**To:** Comments  
**Subject:** Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

October 9, 2012

Dear Sirs:

Thank you for giving us the opportunity to voice our own opinions on the Basel III proposals.

I work at the oldest family owned bank in New Mexico, a \$170 million community bank. If this proposal is made into a requirement, it could put our bank, along with many other banks, into jeopardy. As a bank we want to make sure we are able to lend out money for loans, so we put what are called balloons on our amortizing eight percent loan-to-value mortgages. In order to manage the long term assets to total assets, there is a calculation that examiners use so that the rates are not outrages for the customers in five to ten years.

In the past, and even now, we are able to make these loans and serve our community in the best way possible. If the Basel III is put into requirement, it puts a 150% risk on these loans. As a result of this, it could be restricted, and possibly eliminate our ability to make them.

Real estate loans that are given to qualified borrowers are a major part in Community Banks, giving us the ability to serve our customers, and also aid the stability in our economy. Proper real estate loans are essential in the income for Community Banks.

Our Community Bank does not make irresponsible loans to our customers. We make sure they are able to afford the loan they are asking for before we approve it. The compliance burden is mainly for the larger banks that have already proven they need it; we are a much smaller bank that is responsible for our own actions. If we have behaved in any other fashion, our bank would have gone under long ago. We already have many compliance requirements that we have to deal with being such a small bank. We do not need all of the banks in our country in one basket!

Based on all of the information above, in all respect, I urge you not to make Community Banks use the Basel III program.

Sincerely,

Brittney Harding/IT-Department

October 12, 2012

Ladies and Gentlemen,

First of all thank you for allowing me to provide my comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

If the Basel III proposal does pass it can affect my job in many ways. I work for a community bank in Roswell, NM and not only will it affect me and my job but it also will effect how we serve our community. Our bank is all about our customers and serving them to the best of our ability without making them feel like they are just a number or do not matter like with other larger banks that only pay attention to you if you have a large amount of money. We go over and beyond to help our customers in our community and I really think that if Basel III passes our customers will also be left behind like we will be. Coming from banking with a large bank I know how I was treated there and coming to a community bank has made a big difference, it is amazing how much our bank does for our customers regardless if they have millions of dollars or not they try and help you as best they can. To giving you a small loan to help build or fix your credit to finding out why a certain transaction ran through your account that maybe they weren't aware about. This is why I think keeping community banks around is very important to not only me, but our customers.

Sincerely,

Lindsey Dubiel

October 12, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel III

I appreciate the opportunity to express my opinion on Basel III.

I have worked at one of the oldest family owned banks in New Mexico for over 5 years. I don't understand why Basel III is being deemed necessary for a Community bank like ours. To survive, and flourish for over 100 years we must be doing something right! We are able to loan small amounts or large depending on the request and have longstanding relationships with our customers. To change our regulations in loans will greatly affect our ability to serve customers and alter the income generated by this establishment. In the long run this could possibly mean closing our doors and I am sure this could happen to other Community banks. With the unemployment rate currently being a hot topic in political debates I think a very close look at this regulation is advisable.

It is my understanding that Basel III was intended for large banks with a different customer base than ours, banks that have been known to engage in risky loan procedures that have failed. It would be impossible to recover from that in this small community. Many of our employees and customers attend the same church, their children go to the same school, play sports together and are friends.

We support the community we live in and we do not deserve regulations piled on us due to irresponsible lending habits. Please consider this when making your decision.

Sincerely,  
Teri Dockter  
Head Proof Operator  
James Polk Stone Community Bank

October 3, 2012

Ladies and Gentlemen:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

Our Bank is a \$170M family owned community bank in New Mexico. The Basel III proposals, if made into regulation requirements, will effect how we serve our communities by restricting "in house" real estate loans that are not sold on secondary markets. The balloons that we put on our AMORTIZING eighty percent loan to value home loans is for interest rate risk mitigation. There is a "canary" calculation that the examiners use to measure long term assets to total assets, and the balloons were required to manage the long term rate risk.

The 150% risk weight assigned to these loans will restrict or possibly eliminate our ability to make these loans that currently and historically have been our direct loan product to serve our communities.

AMORTIZING, prudently underwritten, with down payments, and 80% loan to value home loans should not be treated like the NON-amortizing, interest only, stated income products FNMA and FMAC made available. These loan products were the root cause of the problem with poor real estate loans that made up the pools of underperforming loans throughout the market.

Well underwritten real estate loans with qualified borrowers are essential to Community Banks being able to serve their customers, thus on a larger scale helping the struggling economy to recover. Properly made real estate loans are also a main income generator for Community Banks. For that matter, any banks it is necessary income to retain for capital growth or retention.

Sincerely,

Douglas Stone  
EVP, James Polk Stone Community Bank

October 11, 2012

To Whom It May Concern:

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Thank you for the opportunity to provide comment on the Basel III proposals that were recently issued for public comment by the Federal Reserve System.

I have been employed by a home owned community bank for 36 years. This community bank has been around for 106 years and has always been here for our community and it's people. The future of a young family wanting to own their own home seems to be getting harder and harder. I have a son who is looking at buying a home in a small community with a local Community Bank. Implications of this proposal tend to make people hesitant about investing into a mortgage. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on a long-term basis. Large banks are all about transaction volume and pay little attention to the customer relationship.

Penalizing the existing mortgage servicing assets under the proposal is unreasonable for those banks that have large portfolios of mortgage servicing rights. Any mortgage servicing rights existing on community bank balance sheets should be allowed to continue to follow the current risk weight and deduction methodologies. Basel III was designed to apply to the largest, internationally active banks and not community banks.

Sincerely,

Yvonne Garcia, Assistant Cashier  
James Polk Stone Community Bank

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**From:** Steven Dement <steven.dement@jpstonecb.com>  
**Sent:** Monday, October 15, 2012 6:25 PM  
**To:** Comments  
**Subject:** Community Bank Exemption from Basel III, thus operating under Basel I

October 15, 2012

To whom it may concern

RE: Basel III Exemption for Community Banks

This letter is regarding the proposed regulations from Basel III. As an employee at James Polk Stone Community Bank in Portales, NM, I have much concern with the Basel III. This bill should not be applied to smaller banks, who pose minimal risk to the economy as compared to the larger banks with assets greater than 2 billion.

The Financial Stability Oversight Council has designated many firms as Systemically Important Financial Institutions, and this is where the Basel III needs to be implemented. Not with the small community banks, who are and have been meeting their financial regulations. Many community banks, the one I am employed at for example, are well above the current stated capital requirements. Why then are we facing the consequences and being burdened by what a percentage of the banks were apart of leading into the 2007 financial crisis. Bloomberg.com posted an article in July of 2011 stating that 10 of the largest banks in America held 77 percent of the domestic assets in the banking system. This is where the Basel III needs to be implemented. Bills like the Dodd-Frank and Basel III are burdening community banks, and decreasing their ability to serve the communities and provide desirable loans. The Basel Panel has already stated that most community banks meet the new financial requirements and that it is the larger banks that need to increase the capital. The Basel III is just going to increase paperwork, compliance, and bring a more complex computation to show that we already meet the proposed capital requirements.

An alternative to all these actions would be to reinstate the Glass Steagal Act, causing all firms who are participating in both, commercial banking and investment banking, to split their operations. This would decrease many risks involved in this type of behavior from many banks, and force them to divest their operations, also decreasing the risk of becoming "Too Big to Fail." Increasing capital requirements will only temporarily alleviate the problem of the largest banks in the United States from becoming too big. I believe that reinstating the Glass Steagal Act could permanently alleviate this risk, along with alleviating the risk of customer deposits being involved in the investment banking activities.

Sincerely,

Steven Dement, CBAP  
Operations/Credit Analyst  
**J. P. Stone Community Bank**  
Phone 575-356-6601  
Fax 575-356-6777



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**From:** Lynn Stobb <Linda.Stobb@JPStoneCB.com>  
**Sent:** Tuesday, October 16, 2012 12:59 PM  
**To:** Comments  
**Subject:** basel III exemption for community banks

Oct. 15, 2012

Mr. Robert E Feldman, Executive Secretary

Federal Deposit Insurance Corp.

550 17<sup>th</sup> Street, N.W.

Washington, D.C. 20551

Re: Community Bank Exemption from Basel 111, thus operating under Basel 1

Mr. Feldman,

Thank you for letting us voice our opinions on the regulation Basel 111 and Basel 1.

We are a small community bank that has been in operation for 106 years. You can't do that by being careless with your operations and not taking care of your customers. And the only way we can do that is to provide them with the service they are accustomed to. Whether they need \$500.00 for school clothes or whatever amount to finance a home.

Community Banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest banks and created havoc in the financial world. Community banks operate on a relationship-based business that is designed to serve customers of their community on a long term basis.

Inclusion of accumulated other comprehensive income(AOCI) in capital for community banks will result in increased volatility in regulatory capital balances and could deplete capital levels under certain economic conditions.

The proposed risk weight frame work under Basel111 is too complicate and will be a regulatory burden that will penalize community banks and jeopardize the housing recovery. Increasing the risk weights fir residential balloon loans , interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property.

Please take into consideration that we are a community bank serving our community. We were not part of the great bank failures and we want to be here another 106 years. I have been with this bank for 38 years and do not wish to see it have to close its doors sometime in the future because of the many regulations that depleted our ability to stay open.

Sincerely,

Linda W. Stobb

October 11, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

To Whom It May Concern:

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for 3 years. This bank invests in and supports the local community in a way none of the large banks have or will ever do. I have know people in this community who have obtained the American dream of owning their own home due to our community bank being able to make loans that would not qualify on the secondary market. I am one of "those" families who have needed a small loan for school supplies and clothes and this community bank provided that for my children and me. It makes a world of difference when my bank will make a \$500 loan where our competitor down the street will not make a loan less than \$5,000. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Community banks do not have ready access to capital that the larger banks have through the capital markets. Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Well underwritten real estate loans with qualified borrowers are essential to Community Banks being able to serve their customers, which in turn helps the entire economy recover. Properly made real estate loans are also a main income generator for Community Banks. Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Leila Acosta  
Credit Administration  
JP Stone Community Bank

October 12, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

To whom it may concern,

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for the last four months. I have come to find out that this bank invests in and supports the local community in a way none of the large banks have or will ever do. Customers that for example want to purchase a house with land can not qualify for a loan in the secondary market. That's where community banks like this one come in to play. A customer may come in and ask for a mortgage loan and have the possibility of buying their home. Also if a customer happens to just need a simple loan of \$500.00, they can get it here as well. "Bigger" banks will not take the time to even look at a loan that is under \$5,000.00. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Basel I framework must be allowed and continued for community banks. Also banks like this one, that has been here for over 100 years should not have to be penalized for something that they where not a part of. Basel III was designed for the bigger banks, they were the ones that took part in making unsound loans and there for took part of our country's economic crisis. Community banks should be allowed to continue to serve their customers on a one to one relationship.

Sincerely,

Judith Hernandez  
JP Stone Community Bank

October 16, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen:

Thank you for allowing me the opportunity to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed at a family owned community bank, in New Mexico, for close to 10 years. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities. Our bank is able to help our local communities by investing in and supporting them in a way none of the larger banks can or will. People in our area are able to achieve their dreams of owning their own homes, providing their children with security and stability, because our community bank is able to make loans that would not qualify on the secondary market. Our bank is able to provide loans in a wide range from as low as \$100.00, these small type loans are crucial for struggling families to be able to provide for their child/children when money is tight. I am one of those people who benefited from being able to receive small loans when needed because I live from paycheck to paycheck. That is the sad but true reality we live in today.

Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets.

Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Amanda Goins,  
JP Stone Community Bank

October 16, 2012

Senator Jeff Bingaman  
703 Hart Senate Office Building  
Washington, D.C. 20510

Re: Community Bank Exemption from Basel III, thus operating under Basel I

To Whom It May Concern:

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for 5 years. This bank invests in and supports the local community in a way none of the large banks have or will ever do. I have known people in this community who have obtained the American dream of owning their own home due to our community bank being able to make loans that would not qualify on the secondary market. I am one of "those" families who have needed a small loan for school supplies and clothes and this community bank provided that for my children and me. It makes a world of difference when my bank will make a \$500 loan where our competitor down the street will not make a loan less than \$5,000. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Community banks do not have ready access to capital that the larger banks have through the capital markets. Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Well underwritten real estate loans with qualified borrowers are essential to Community Banks being able to serve their customers, which in turn helps the entire economy recover. Properly made real estate loans are also a main income generator for Community Banks. Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Briana Duran  
Operations Department  
JP Stone Community Bank

October 16, 2012

To whom it may concern:

I have recently been informed of new a regulation, Basel III, that could be passed on to all financial institutions in the United States. These regulations have been developed in part due to the great fiasco that was caused by the irresponsible prime mortgage lending to unqualified buyers that the mega financial institutions involved themselves in the mid and early 2000's. The climax occurred during the financial collapse in late 2008. As a result of the bad loaning practices of these large banks and their complete disregard for diligent fiscality, the economy in this nation and much of the world has suffered a severe blow which we are still trying to recover from almost four years later.

I am not against sound regulation, especially in terms of these banks. I am, however, concerned about the better judgment of regulatory committees whenever they treat all financial institutions like the ones described above. It is obvious that the financial crisis currently facing us today was not started by the sound loaning practices of community banks like the one for which I am currently employed. These banks offer a unique service to the communities in which they are located that the mega-banks are unable and, quite frankly, unwilling to provide the customers in those communities. The officers at these small entrepreneurial banks are given the unique opportunity to learn about their customers' individual needs and are able to provide for those needs. They are able to do so because both the customer and community bank are dependent upon each other and will thereby do what is in the best interest of each other.

If you pass Basel III, it will take away a large portion of loans which community banks make on a regular basis. Community banks also make home mortgage loans that would not qualify on the secondary markets due to distinctive circumstances that customers are involved in. In addition, the 15% capital requirement would greatly decrease those community banks ability to generate revenues through their loans.

In conclusion, passing Basel III would not only be bad for community banks and their customer but would be bad for the economy as well. It will limit individuals' abilities in smaller communities to gain the capital that is needed in order for their businesses to be successful. It would hinder Americans' abilities to buy and own their own home and property. If this occurred, the economy would go through an even greater recessive cycle. Please, for the sake of tens of millions of people in rural America whose lives depend on community banks, do not allow Basel III to apply to community banks.

A Sincerely Concerned Citizen,

Thaddeus Pearson

October 16, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen:

Thank you for allowing me the opportunity to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I am presently employed by a family owned bank in New Mexico. The Basel III proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities. Our bank is able to help our local communities by investing in and supporting them in a way none of the larger banks have or ever would. People in our area are able to achieve their dreams of owning their own homes, providing their children with security and stability, because our community bank is able to make loans that would not qualify on the secondary market. Our bank is able to provide loans in a wide range from as low as \$500.00, these small type loans are crucial for struggling families to be able to provide school clothes and/or school supplies, winter clothing and warm coats, or to provide their child with a memorable Christmas season when money is tight.

Community banks should be allowed to continue using Basel I framework for computing their capital requirements. If this is taken away many in our communities could suffer long term affects without the available support and loans that our community bank provides with personal, dedicated personnel.

Sincerely,

Sharmon Newberry, New Accounts  
JP Stone Community Bank

October 16, 2012

To whom it may concern:

Re: Opposition to Basel III Proposal

Thank you for allowing me to provide my personal opinion on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

Our bank is a \$170M family owned community bank in New Mexico. The Basel III proposals, if made into regulation requirements, will effect how we serve our communities by restricting "in house" real estate loans. My biggest concern with this new proposal is that if it is passed, not only will our bank lose customers (and profit), but it will also lose several employees due to the lack of financial income. This is a concern for me because I am an employee of this community bank and I depend on it prospering so that I can continue to prosper as well.

On a less narcissistic stand-point, not only will employees diminish if the proposal is made a requirement, but so will our customers. The reason this banks thrives is because of our customers and the loans they have with our bank. If they can't receive the loan/loans that they need, they will seek another bank or financial institution to fulfill their needs. In my personal opinion, this Basel III proposal is an all around "lose-lose" situation for everyone. Not only will the bank fail to thrive, but in turn, so will all of the bank's customers, employees, community, and more importantly the economy.

Well underwritten real estate loans with qualified borrowers are essential to Community Banks being able to serve their customers. And serving our customers also helps our struggling economy to recover.

Thank you,

Chelsea Richards



October 3, 2012

Dear Sirs:

Regarding the proposed Basel III implementation as a requirement for community banks to follow, I am writing to express my concerns of the long-term impact these rules will have on community banks and to request the said banks be exempted from Basel III and remain under Basel I guidelines.

First, the recent financial crisis and its negative economic impact resulted from the inappropriate activities of the large, complex financial institutions which have clearly lost sight of the basic prudent lending and banking practices which built our country's banking system. Community banks did not venture into these high-risk and questionable financial products and investments, choosing instead to forego the 'quick & easy' short-term profits and to invest in the small businesses and family operations which are the foundation of their respective community and of our country.

These large banks clearly deserve and require greater regulatory scrutiny, review, and supervision, based on the crisis which their activities have created. However, the application of those same restrictions on community banks creates an undue burden and an economic disadvantage to community banks, and in effect is punishing their business operations without cause.

Community banks strive to invest in all facets of their local area, and it is not in the best interests of their customers or their community to divert some of those investment dollars into additional staffing and compliance costs while limiting or eliminating some of their loan products and services. Also, the shareholders of these banks are investing their lives in the communities in which they live, and this relationship-based investment cannot be measured solely by an analytical approach to capital standards. The proposed Basel III standards will actually limit or discourage future investment into community banks, thereby weakening or possibly eliminating the very organizations which have helped our nation work through this economic crisis.

Finally, the community banks do not have access to the capital markets for which the Basel III rules are applicable. Therefore, attempting to measure the capital strength of community banks by these same standards is not prudent, applicable, or necessary. This is evidenced by the performance of community banks before and during this crisis, and they continue to perform well based on the existing measurements of capital, soundness, and safety for their depositors. The Basel I standards continue to positively provide the adequate review and monitoring necessary for operations of community banks.

Therefore, I strongly urge your consideration of exempting community banks from the Basel III requirements, allowing them to continue operations under the Basel I capital guidelines which have served the banks, our economy, and our nation well.

Very truly yours,

Kenneth Berry, Executive Vice President  
James Polk Stone Community Bank  
P.O. Box 1778  
Roswell, New Mexico 88201

October 16, 2012

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

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Mr. Feldman:

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I have been employed by a family owned community bank in New Mexico for 7 months. My fellow co-workers and supervisors have expressed a variety of points of views on how our bank has benefited our community. Most of them are so seasoned in our bank's operations, and are very concerned on the factors Basel III will present. As I have already confessed my lack of experience in banking with my disclosure of length in employment with JP Stone Community Bank, I cannot speak thoroughly on the repercussions Basel III will have on Community Banks. However, I don't believe a Doctorate Degree in Politics and/or Bank Regulations is necessary if common sense can remedy the debate on Basel III for Community Banks. This bank has made lending seem so simple in the time that I have been in the lending department. Our loans to customers are not complicated as Basel III requires if it is imposed onto Community Banks. Smaller societies are not filled with multimillionaires taking \$5,000 minimum loans, and I'm sure whoever is entrusted with voting for Basel III is highly educated to be aware of this. My vantage point is as a citizen of a smaller community. Take away a productive leading forcing in our community and the community will collapse. Which Large Bank would lend our local mechanic, local carpenter, local plumber, etc. anything less than \$5,000? JP Stone Community Bank has come through for families to be able to own homes that otherwise Large Banks would have labeled their loans as high risk. Community Banks and Large Banks serve different demographics so why regulate them in the same manner?

I had touched on my vantage point as a citizen in a smaller community, and I believe that perspective may be overlooked in this controversial regulation. This point of view is very relevant in regards to what Basel III could cause in Community Banks. I am a

product of this smaller society's local university. I received my three Bachelor Degrees and found it very difficult in these times to find a job in beginning my career. I was one phone call away from moving to a much larger city in a completely different state to pursue a career, when it was then that I received a call from JP Stone Community Bank in which would be the beginning of my career. While every firm, corporation, and even Large Banks passed me over in my search for employment in the surrounding areas, it was a Community Bank that gave me a chance to prove myself. The same Community Bank that has done the same for many others, whether it was for employment or for loans. JP Stone Community Bank served a member of its community by keeping a product of the local university at home instead sending away another graduate to be a productive member elsewhere in another city. A Community Bank like JP Stone does well for graduates, because it has so much to teach and also so much to receive from the innovative minds of highly motivated graduates wanting to find their niche in community serving entities that are looking to grow.

I hope that I have brought light to another perception that can be strongly considered in making the right decision pertaining to how Community Banks are regulated. Please take the time to attain a deliberate decision on Community Banks, as we have all attempted to express our concern and need for Community Banks to continue using Basel I in the future.

Sincerely,

Tim Castorena  
JP Stone Community Bank

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**From:** Montoya, Pila <Pila.Montoya@JPStoneCB.com>  
**Sent:** Wednesday, October 17, 2012 2:59 PM  
**To:** Comments  
**Subject:** Basel III FDIC RIN 3064-AD-95, RIN 3064-AD96 and RIN 3064-D97

When you remember Rahm Emanuel's advice to never waste a crisis, you will realize that Basel III is not a plan to solve a bank problem; it is a plan to totally control and perhaps eliminate the community banks industry. The community banks did not cause the banking crisis of 2008. If Fannie and Freddie are prevented from ordering and buying unsound home mortgage loans, banks will not make them to sell to the secondary market. This solves any banking problem without any of the Basel III ominous regulations.

Prior to the sub prime mortgage crash, I received a phone call from a mortgage broker trying to persuade me to make a home loan that would be sold to Fannie Mae. He said there was a big fee for making this loan. The loan was to purchase a \$500,000 home with no money down. The borrower's tax return reported \$12,500 income for the prior year.

"He can't make the first payment with that income" I said.

"Fannie Mae doesn't look at tax returns, they only look at stated income", he said.

"What is stated income?" I asked.

"It is the amount of income the borrower says he makes," was his reply.

"How much does he say he makes?" I asked

"\$250,000" he replied.

"The borrower is a liar; I don't make loans to liars." I declared.

"You will only own the loan for seven days he said. I can sell the loan to another bank and he will make the big fee!"

"I don't want to own it for seven seconds" I said ending the conversation.

Community banks should be allowed to continue using the current Basel I framework for computing their capital requirements. Basel III was designed to apply to the largest internationally active banks and not community banks. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest banks and created panic in the financial markets. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on a long-term basis. The largest banks operate purely on transaction volume and pay little attention to the customer relationship. This difference in banking models demonstrates the need to place tougher capital standards exclusively on the largest banks to better manage the ability to absorb losses.

Including accumulated other comprehensive income as part of regulators capital may not affect my bank too much because our bonds are in hold to maturity. Large financial institutions have the ability to mitigate the risks of capital volatility by entering into qualifying hedge accounting relationships for financial accounting purposes. The use of interest rate derivatives like interest rate swaps, options, and future contracts, have the ability to reduce or increase risk for the bank. However, these big banks should invest derivatives in a separate corporation not insured by the FDIC insurance fund. Community banks should continue to exclude AOCI from capital measures as they are currently required to do today.

Capital concentration buffers may create a difficulty for our bank because retained earnings are our only way to build capital. Banks that are too big to fail have access to the capital market on Wall Street.

The prepaid risk weights will reduce community banks ability to make home mortgage loans and there by hinder the national housing recovery. If we are interested in reducing the glut of foreclosure houses, we should simplify home mortgage regulations.

In the past the savings and loans industry were able to pay 4 ½% on savings account deposit while banks were allowed to pay only 4%. This kept an available amount of funds for the savings and loans industry to make low cost home loans for twenty years at 5 ½%.

This changed when on overly robust economy persuaded congress to allow banks and savings and loan industry to offer certificate of deposits at competitive higher rates at different maturities. The result was that the savings and loans found themselves having to pay as high as 16% for money they had loaned at 5 ½ % for twenty years. This broke the industry and bankrupted their insurance fund.

Banks started adding eight years calls and balloons on their twenty year home mortgage for two reasons. This allows them to adjust mortgage rates at eight years instead of twenty. It also allows them to put money from the old mortgage loans in the under five year maturity on their call report for greater liquidity

This adds protection for our banking industry from the savings and loan industry crisis situation. Thank you for the opportunity to share ideas with you.

Sincerely,  
David L. Stone

October 17, 2012

Robert E. Feldman	Office of the Comptroller of the Currency
Executive Secretary	250 E Street, SW
Attention: Comments/Legal ESS	Mail Stop 2-3
Federal Deposit Insurance Corp	Washington, D.C. 20219
550 17 <sup>th</sup> Street, NW	
Washington, D.C. 20429	

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

Re: Community Bank Exemption from Basel III

Dear Ms. Johnson:

Thank you for the opportunity comment on the Basel III proposed regulations.

I have been blessed to work for a community bank in New Mexico for 34 years. We are not a BIG bank and don't want to be a BIG bank. We invest in our community; the people we do business with are our neighbors, friends and family. When we help them prosper and grow, we prosper and grow. Basel III will cause community banks to limit their loan products consequently causing further financial hardship for our customers who are just scrapping by now.

Basel III was conceived to be applied to the largest, internationally active banks, NOT for small community banks. Community banks were not involved in the reckless lending activities that contributed to the recent financial crisis. Imposing complex and overly excessive capital standards will force community banks to spend time and limited resources to compute the complex risk weights for residential mortgages.

Community banks do not have access to the capital markets that the BIG banks do. The only means we have to increase capital is our retained earnings which will be spent on resources trying to comply with complex regulations of Basel III.

Community banks are part of what makes this country great, please don't ruin that!

Sincerely,  
Linda Davis  
Sr. Vice President/Cashier  
James Polk Stone Community Bank  
Portales, New Mexico

October 17, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen:

Thank you for the chance to comment on the Basel III proposals issued for public comment by the Federal Reserve Board.

I would like to inform how this new Basel III proposal would affect community banks personally. I am employed in a community bank and we are taught to provide beyond great customer service. We are involved with our community and customers creating a relationship-based business. We provide small loans and house loans for our customers that need them while other large banks don't offer this. Our community bank tries to meet the needs of our customers in our community as best we can and this is how we make money and keep our business alive. With this new revision of the Basel I proposal, it will prohibit us smaller community banks, that give and keep services for the community, to not fulfill our customers needs.

The proposed risk weight framework under Basel III is too complicated and will be an onerous regulatory burden that will penalize community banks and jeopardize the housing recovery. Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management.

Thank you,  
Yvonne Reza, Bookkeeper  
James Polk Stone Community Bank

October 15, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen:

Thank you for allowing me to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I am employed by a small community bank, it is the oldest family owned bank in New Mexico. I have only been at this bank for a couple of years and I'm in the process of learning about regulations in the banking systems. I know that it is important that we continue to help out our community, as we have for years. We are able to make small loans to help families with things such as school supplies and school clothes. These are loans that cannot be made on the secondary market. The Basel 111 proposals, if made into regulation requirements, will effect how community banks will be able to serve the needs of their communities.

Community banks should be allowed to continue using Basel I framework for computing their capital requirements. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest bank and created panic in the financial markets.

Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approached to managing risk.

Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Sincerely,

Sharon Gilmore

JP Stone Community Bank



October 17, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

Ladies and Gentlemen:

I appreciate the opportunity to be able to comment on the Basel III proposals issued for public comment by the Federal Reserve Board.

I am employed by a family owned community bank in New Mexico. I enjoy my job and working in a close community and really fulfilling the needs of this community in this bank. People need houses so we do house loans, people need small loans to buy furniture or college books so we provide small loans as well. We have and approve these loans because the community needs it. We thrive to really help our community out and do what we can to meet our customers needs. We make our business by doing what other banks don't. The big banks don't make small loans and don't take time to get to know their customers and our bank does, in order to meet our customer's needs. With this new Basel III proposal, our community bank will not be able to meet our customers needs as best as possible.

Community banks should be allowed to continue using Basel I outline for computing their capital requirements. Community banks did not engage in the highly leveraged activities that harshly depleted capital levels of the largest bank and created panic in the financial markets. Community banks operate on a relationship-based business that is designed to serve customers in their communities on long-term basis. This model adds to the success of community banks all over the United States through practical, common sense approached to managing risk.

Increasing the risk weights for residential balloon loans, interest-only loans, and second liens will penalize community banks who offer these loan products to their customers and deprive customers of many financing options for residential property. Additionally, higher risk weights for balloon loans will further penalize community banks for mitigating interest rate risk in their asset-liability management. Community banks should be allowed to stay with the current Basel I risk weight framework for residential loans.

Thank you,

Teresita Encinias, Bookkeeper

James Polk Stone Community Bank

October 15<sup>th</sup>, 2012

Dear Comment Period Group;

Thank you so much for giving Community Banks the opportunity to speak their voice and give you feedback on the Basel III proposals.

When the mortgage crisis hit America, we as a community bank came through for our customer's in our community and made residential mortgages happen for customer's when other banks didn't. We require a 20% down payment to a minimum 80% loan to value on all of our home loans. As one of the strongest community banks in Southeastern New Mexico, we only provide the best service to our customers. Basel III proposed the requirement of 150% risk weight to home loans with a balloon feature. This proposal can restrict or completely eliminate us as a Community Bank to make home loans to our customer's and throughout our community. Please do not put all banks in the same basket.

Community Banks like our do not make irresponsible loans, or hurt or deceive our customers. We are small enough to make these decisions and only provide the best for our customers in a positive fashion. I respectfully urge you to exempt Community Banks from the Basel III proposal.

Sincerely,

Whitney L. Zimmerman

October 17, 2012

Dear Comment Period Group:

Thank you for allowing the employees of small community banks the opportunity to give you feed back on the Basel III proposals.

We are one of the largest consumer lenders in the state of New Mexico. Our bank makes many residential mortgages that could not be made by any other bank. We require a 20% down payment or a minimum of 80% loan to value on every home loan. We were recently advised by examiners to help mitigate our interest risk on these 15year/30 year amortization loans by putting an 8 year balloon feature on every home loan. Basel III proposed requirements of assigning a 150% risk weight to home loans with a balloon feature will significantly restrict or possibly eliminate our ability to make home loans. I urge you to understand that if Basel III is implemented it could hinder our ability to serve our customer's.

Respectfully,

Ruth Ann Lucero  
Loan Secretary

October 17, 2012

Dear Comment Period Group:

Thank you for allowing the employees of small community banks the opportunity to give you feed back on the Basel III proposals.

We are one of the largest consumer lenders in the state of New Mexico. Our bank makes many residential mortgages that could not be made by any other bank. We require a 20% down payment or a minimum of 80% loan to value on every home loan. We were recently advised by examiners to help mitigate our interest risk on these 15year/30 year amortization loans by putting an 8 year balloon feature on every home loan. Basel III proposed requirements of assigning a 150% risk weight to home loans with a balloon feature will significantly restrict or possibly eliminate our ability to make home loans. I urge you to understand that if Basel III is implemented it could hinder our ability to serve our customer's.

Respectfully,

Jessica Henderson  
Loan Secretary

November 8, 2012

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

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

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

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals<sup>1</sup> that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

I work in a family owned community bank in New Mexico in the loan department. The proposed changes to banking, if made into regulation requirements will affect how we are able to serve our customers. Our real estate loans are not sold on the secondary market so therefore do not carry the problems associated with FNMA and FMAC loans that were the cause of the problems in the underperforming loans throughout the market.

Community banks serve a segment of the population that will be penalized should we no longer be allowed to underwrite loans to well qualified borrowers maintaining an 80% loan to value on all real estate loans. The income derived from these loans are the main income generator for Community Banks that is necessary to retain for capital growth or retention. Regulations should not be one-size-fits-all. If these proposals are made into regulation, community banks will suffer and begin to disappear. Not only will jobs be lost, but the support these banks give to the community in hard dollar contributions to youth athletic activities, charitable activities, etc. will also disappear.

Please consider the actual damage that will be done to communities throughout our country when making your decision. Thank you for your time. – Kathie Herring, Stone Community Bank, Roswell, NM

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<sup>1</sup> The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions*; *Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets*; *Market Discipline and Disclosure Requirements*; and *Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule*.

October 16, 2012

Re: Community Bank Exemption from Basel III, thus operating under Basel I

To Whom it May Concern:

The Bank I work for is a \$170M family owned community bank in New Mexico. The Basel III proposals, if put into the regulation requirements, would adversely affect how we bank and serve our community. Being a single mother with two children, this requirement could jeopardize my future employment, thus affecting the future and well being of my children. I'm sure I speak for hundreds of men and women in the same circumstance that would be detrimentally affected if the Basel III proposals are put into regulation requirements.

Thank you for your time concerning this matter.

Sincerely,

Jamie Bouldin  
New Accounts Representative

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

Re: Basel III Capital Proposals

Ladies and Gentlemen:

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

I am an officer of a small community bank in New Mexico that works on a relationship based model that cannot be measured solely by imposing analytical capital standards. We provide prudent loans to qualified borrowers. By imposing Basel III to community banks we will no longer be able to meet these needs to our community.

Basel III was designed to apply to the largest, internationally active banks and not community banks. The framework of Basel I contributes to the success of community banks all over the United States through practical, common sense approaches to managing risk.

Therefore, I ask that you consider maintain Basel I for computing capital requirements for community banks. Basel III threatens my livelihood as well as that of many community bankers.

Respectfully,

Janette Lucero  
Asst. Vice President  
James Polk Stone Community Bank  
PO Box 1778  
Roswell, NM 88202-1778

October 18, 2012

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

Re: Basel III: Community Bank Exemption

Ms. Johnson;

My response to Basel III for public comment. Thank you for allowing me to comment on the proposed Basel III for Community Banks. The bank I work for is a small community bank in New Mexico with a solid based loan portfolio of real estate loans, which we do not sell to the secondary market. Loans are amortizing loans, minimum of twenty percent (20%) down payment and/or a loan to appraised value of not greater than 80%. Our loans do incorporate a balloon maturity in order to manage interest rate risk (canary ratio).

Basel III risk rate of 150% will either restrict or eliminate our ability to make this type of loan, which is a loan product that meets an important need of our local community.

Providing that prudent credit decisions, to qualified borrowers are maintained, application of Basil III to community banks will hinder our ability to meet the needs of our community, it does not provide a realistic measure of the stability of a bank, it will endanger the future of community banks, and will serve no meaningful purpose in the recovery from our current economic situation.

I ask that consideration be given to not impose Basel III on the community banks.

Respectfully,

Jesse F. Eckel VP  
Vice President  
James Polk Stone Community Bank  
PO Box 1778  
Roswell, New Mexico 88202-1778  
Telephone: 1-575-625-1912



October 18, 2012

Re: Community Bank and Basel III Proposal

Dear Sirs,

I work for a Community Bank in Southeast New Mexico. Our Goal and Purpose is to provide great customer service to our local community people consisting of Loans or any other duties that our customers need.

Thank you,

Crystal Brisco

Thursday, October 18, 2012

To whom it may concern:

I am a teller at a family owned community bank in Roswell, NM. I wanted to express my concerns of requiring smaller banks to adhere to the proposed Basel III regulations. If these regulations are put into place, that could jeopardize how smaller community banks operate. This could mean additional overhead costs imposed on smaller banks. It could discourage potential customers from investing locally, which in turn could dry up the capital in the area.

Small community banks were not involved in the poor lending practices that put this nation's banks in jeopardy in the first place. Requiring them to be included in the Basel III proposal is not right!

That, in turn, could affect my job. I'm sure this country doesn't need anymore people collecting unemployment. If Basel III goes into effect, a lot of community banks might have to let some of their employees go to compensate for the financial losses they will most certainly experience. Which would certainly make the unemployment rate go up again!

That is why I strongly urge that community banks be exempt from the proposed Basel III regulations.

Thank you for your time.

Jana M Glenn  
Head Teller  
JP Stone Community Bank  
Roswell, NM

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**From:** Bradfute, Richard <Richard.Bradfute@JPStoneCB.com>  
**Sent:** Friday, October 19, 2012 12:09 PM  
**To:** Comments  
**Subject:** Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

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**From:** Willingham, Robin  
**Sent:** Friday, October 19, 2012 9:53 AM  
**To:** Bradfute, Richard  
**Subject:** FW: Basel III

She does not have outside email...can you get this sent

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**From:** Chagnon, Sheri  
**Sent:** Friday, October 19, 2012 9:28 AM  
**To:** Willingham, Robin  
**Subject:** Basel III

To whom it may concern,

I am writing you this letter to respond to your Basel III proposal. This proposal will end a lot of jobs that are needed. We need more jobs in this country, not end more jobs. Our bank helps out the people that need help where they can not get it from large banks. Please re-think your proposal, these people need our bank and we need them. I need my job as much as you need yours, how would you like it if someone came and took everything that you loved and cared about? You wouldn't like it very much I'm sure. Please read these letters and put yourself in our shoes. It would be greatly appreciated if you would re-think this.

Sincerely,  
~Sheri Chagnon~

Ladies and Gentlemen:

Re: Community Bank Exemption from Basel III, thus operating under Basel

Thank you for the opportunity to provide comments on the Basel III proposals that were issued for public comment by the Federal Reserve Board.

I am very concerned with what could and would happen to my job and family if this Basel III gets approved, I work for a small community bank in Hagerman New Mexico. Not only are we the only bank in this town, we help our community! We are out there for any event that these smaller communities host. We are also able to sponsor students with sports events or any other event that they may need sponsorship. I could just go on with all we do for the community, but these are just a few samples. If this gets approved even though this bank has been in operation for over 100 years we would not be able to meet the regulations you are attempting to impose.

Just think of the unemployment; it would sky rocket, just like my bank will not survive neither will thousands just like us.

Thank you for the opportunity to let you know my situation and why I believe Basel III will make a huge negative impact not only in my community but nationally.

Sincerely,

Luz Palomino