
From: Bradfute, Richard <Richard.Bradfute@JPStoneCB.com>
Sent: Tuesday, October 09, 2012 4:51 PM
To: Comments
Subject: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

October 3, 2012

Dear Sirs:

Thank you for the opportunity to comment on the Basel III proposals.

Our bank is a \$170 million community bank, the oldest family owned bank in New Mexico. The Basel III proposals, if made into regulatory requirements, will greatly affect the way we serve our communities by restricting what we call in-house real estate loans (Loans that are not sold on secondary market.) The balloons that we now put on our amortizing eighty percent loan-to-value mortgages help us mitigate interest rate risk. There is a "canary" calculation that the examiners use to measure long term assets to total assets, necessitating these balloons to manage the long term rate risk.

The 150% risk weight Basel III assigns to these loans will significantly restrict or possibly eliminate our ability to make them. Both currently and historically, these loans have been very instrumental in helping us serve our communities.

Amortizing home loans that are prudently underwritten (requiring down payments and made at a minimum of 80% loan to value) should not be treated like the non-amortizing-interest-only-stated-income loans popularized by Fannie Mae and Freddie Mack. These kinds of irresponsible products were the root cause of large volumes of underperforming real estate loans that caused the sub-prime mortgage crisis, still persisting throughout our nation

Well underwritten real estate loans made to qualified borrowers are essential to Community Banks, allowing us to serve our customers, and by extension, aid in the recovery of our economy. Properly orchestrated real estate loans are also a significant income generator for Community Banks, providing returns necessary for retained earnings and higher capital ratios.

Community Banks like ours do not make irresponsible loans, attempt to gouge or deceive our customers, or conduct business in anything other than an honorable fashion. Most of the compliance burden we shoulder is designed for larger banks who have continuously proven they need it! We are small enough to be accountable for our actions; if we behaved in such a way that warranted the regulations we document compliance to, our customers would have driven us out of business long ago! We are already carrying a heavy burden in compliance requirements. Please do not put all banks in the same basket!

Based on these facts, I respectfully urge you to exempt Community Banks from the Basel III proposal.

Sincerely and Respectfully,

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