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October 23, 2012

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219
RE: Docket ID OCC-2012-0009 and
Docket ID OCC-2012-0008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
RE: Docket NoR-1442
and RIN No. 7100 AD 7

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
RE: RIN 3064-AD 96 and
RIN 3064-AD 95

Dear Bank Regulators:

On behalf of the more than 19,000 REALTOR® members of the Colorado Association of REALTORS®, (CAR) please accept these comments on the proposed changes to the capital rules applicable to insured depository institutions and their holding companies. Our economy is dependent on a healthy banking industry. Real Estate buyers and sellers, consumers and business are able to succeed when bank loans of all kinds are available and affordable. Basel III will undoubtedly impact loan access, decrease banking competition and increase the cost of loans.

Our industry is reliant upon a strong economy and mortgage availability. Basel III will have a direct impact on both and for this we ask that you do not impose these requirements on American banks. CAR agrees with smart capital requirements for banks but we remain very concerned about the impact Basel III provisions will have on smaller, community banks that were not part of the financial crisis and now play an important part in our recovery.



Specifically, CAR recommends that the proposed regulations be modified so that it more accurately correlates the risk presented by residential mortgage loans and the assigned risk weight. It is also believed that credit enhancements, such as mortgage insurance provided by financially responsible insurance companies, should be able to reduce calculations of the loan to value of a mortgage for capital purposes.

Basel III will unfairly disadvantage banks. Banks shouldn't be harmed when holding mortgage servicing rights on loans that meet minimum requirement relating to the quality of the loan, along the lines of the *Quality Mortgage* concept outlined in the Dodd-Frank Act. CAR also recommends that the requirement to engage in the extensive due diligence (on residential mortgage back securities) is waived for small and community banks and that risk weights for private label MBS be the same as GSE MBS provided that all of the loans meet minimum underwriting standards. Additionally, we urged you to maintain the current risk weights for commercial loans.

CAR believes that the purpose and complexity of Basel III will severely impact our economy and unnecessarily harm real estate buyers and sellers. With the addition of so many regulations prescribed by the SAFE Act, Dodd-Frank and others, Basel III is an unwelcome addition to an already heavily regulated industry.

Respectfully

Keith Kanemoto
2012-13 President

- CC:
- U.S. Senate
 - Honorable Mark Udall—Banking Aide Adam Jones
 - Honorable Michael Bennet—Banking/Housing Aide Brian Appel
 - U.S. House of Representatives
 - Honorable Diane DeGette—Legislative Aide Tommy Walker
 - Honorable Jared Polis—Chief of Staff Brian Branton
 - Honorable Scott Tipton—Banking Aide Eli Leino
 - Honorable Cory Gardner—Banking Aide Jennifer Loraine
 - Honorable Doug Lamborn—Banking Aide Dan Ziegler
 - Honorable Michael Coffman—Banking/Housing Aide Stephen Beck
 - Honorable Ed Perlmutter—Banking/Housing Aide Noah Marine
- National Association of REALTORS®
Colorado Bankers Association