

From: Diane Flood [mailto:DFlood@firstcitizensww.com]

Sent: Thursday, August 16, 2012 5:11 PM

To: Comments

Subject: FDIC and "RIN 3064-AD95"(Basel III NPR) or "RIN 3064-AD96" (Standardized Approach APR)

Greetings,

This letter is to comment on the subject FDIC and "RIN 3064-AD95"(Basel III NPR) or "RIN 3064-AD96" (Standardized Approach APR)

I am concerned about 2 areas:

1. I am troubled by placing balloon mortgages into a Category 2 Risk. We have used balloon mortgages for decades as well as the Canadian Banking System and they have been a very effective instrument in providing credit to the mortgage industry. We believe that, say, a 5 year balloon note has much lower risk than a fixed full term mortgage to the lender. Therefore, we highly recommend that these balloon mortgages be put back into a Category 1 Risk Status.
2. We believe that clarification needs to be added to what is considered a 2nd mortgage. We do a lot of 2nd mortgages as well as Home Equity Loans to first mortgages that we hold. We, and our State of Wisconsin, consider a 2nd mortgage onto our own 1st mortgage as truly still a 1st mortgage. There should be differentiation between holding a 2nd mortgage to a mortgage held by another lender than to a mortgage that is held by the same lender. Clarification on this and differentiating the risk level would be very important.

Thank you for the opportunity to comment. If you have questions please call me.

Sincerely,

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