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October 16, 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, S.W.
Mail Stop 2-3
Washington, D.C. 20219

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

RE: Basel III Capital Proposals

Ladies and Gentlemen:

We appreciate the opportunity to provide comment on Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

We are members of the Board of Directors for Bank of Sun Prairie, a \$310 million community bank in Sun Prairie, Wisconsin. The bank was chartered in 1903 and has offices in two communities in south-central Wisconsin. As community bankers, we are very concerned over the broad approach taken by the Federal Deposit Insurance Corporation (FDIC), together with Board of Governors of the Federal Reserve System (FRB) and Office of the Comptroller of the Currency (OCC), (collectively, the Agencies), to impose a “one-size-fits-all” regulatory capital measurement plan. Respectfully, we believe this approach excessively tightens regulatory capital requirements on community banks which were not the cause of the economic mess that has brought the avalanche of new regulations and laws upon community banks, including the proposed Basel III capital requirements. Like most other community banks in our country, we want to make sure that we are able to continue serving our communities in the way we have in the past. This being the case, we believe these proposals threaten the ability of community banks to meet the credit needs of our community by reducing or redirecting the use of bank capital based on the new risk weights in the Basel III proposal.

It is our understanding that the Basel III proposals were intended for the very large and complex international financial institutions. We are in support of increasing the capital requirements for banks in our country to ensure that our industry can weather the storms that will come our way in the future. However, the Agencies must recognize that there are many differences between community banks and large, complex international institutions—and must, therefore, not force a community bank into the same capital calculation “peg-hole” as a sophisticated international institution. Unintended consequences of these proposals, such as:

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- Requirement that gains and losses on Available For Sale Securities must flow through to regulatory capital;
- Increased risk weighting for loans and loan commitments; and
- Requirement to hold capital for credit enhancing representation warranties on 1-4 family residential home loans which have been sold into the secondary market;

could very likely lead to reduced ability for community banks to serve the needs in their communities, and reduced ability of community banks to raise capital as the cost of the compliance burden continues to reduce community bank earnings.

For the concerns outlined above, the Agencies must withdraw the proposed regulatory capital rules, conduct additional study and analysis, and only propose capital rules on community banks, if deemed necessary, that take into consideration the impact other regulatory proposals and reforms have on risk.

We appreciate the opportunity to comment on the Agencies' proposals.

Sincerely,



 Tom Tubbs
 Chairman of the Board
 Bank of Sun Prairie



 Alice Hensen
 Board of Directors
 Bank of Sun Prairie



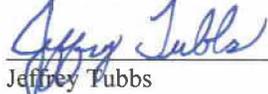
 John Yelk
 Board of Directors
 Bank of Sun Prairie



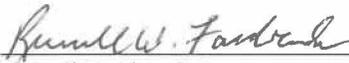
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 Board of Directors
 Bank of Sun Prairie



 Valerie Stiener
 Board of Directors
 Bank of Sun Prairie



 Jeffrey Tubbs
 Board of Directors
 Bank of Sun Prairie



 Russell Fassbender
 Board of Directors
 Bank of Sun Prairie

cc: Mr. Mike Mach
 Administrator
 State of Wisconsin
 Department of Financial Institutions
 Division of Banking
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