

From: Bank2, Ross Hill
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules
Subject: Regs H & Y Regulatory Capital Proposals

Comments:

I desperately need your attention.

Bank2 provides many badly needed small mortgage loans under terms that disqualify them for secondary-market sales. The proposed standards would increase the risk-weighting of such loans, requiring Bank2 to have significant additional capital. This coupled with the added compliance burden could curtail the availability of this vital source of mortgage financing and significantly decrease the profitability of Bank2.

However, Bank2 is one of three financial institutions I have been proud to serve as President and CEO. All three were and remain small community banks with assets less than \$250 million. Each of these banks will be adversely affect by Basel III.

In addition, during my career of nearly 40 years, I have purchased 3 additional community banks. Each of these would have been adversely affected by Basel III for the same reasons.

However, none of these banks had any significant history of past due loans or charge off loans especially in the area of mortgage loans

So the net affect of Base III is to injure small community banks, serving a customer base that needs these types of home loans. So we injure the customers as well. The bank is hurt, the customer is hurt so the communities they serve will be injured. Why would we do this? Because you have not carefully considered all of the far reaching affects and unintended consequences. Basel III can not be fix a problem that does not exist today, No, the end result of Basel III is that it will create all kinds of NEW problems that do not exist today. Please cancel all plans to adopt Basel III in its current format.

Thank you,

Ross A. Hill