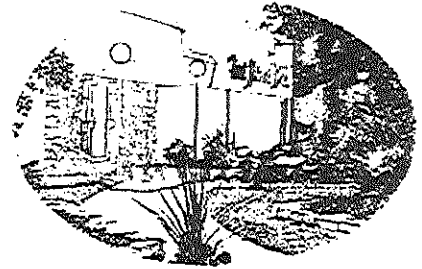


First National Bank

MEMBER **FDIC**



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MAIN OFFICE 715-762-2411 FAX 715-762-2416 TOLL FREE 800-721-8333
SOUTH OFFICE 715-762-8311 FAX 715-762-1792
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September 18, 2012

To: Federal Reserve, OCC, and FDIC

From: The First National Bank of Park Falls
Park Falls, WI

RE: Proposed Basel III Capital Requirements

The First National Bank of Park Falls would like to submit our personal petition to exempt community banks from the proposed implementation of Basel III capital requirements and to allow community banks to continue operating under the current Basel I capital requirements.

The current regulatory environment continues to take away from our Mission Statement.

“Our mission is to provide exceptional, personalized banking services to our valued customers by meeting their financial needs and the needs of our local communities.”

Instead of being active in our community and trying to meet the needs of our customers, we are having compliance, BSA, and loan meetings to figure out how to meet regulatory expectations. Now if Basel III is implemented, it will further restrict our ability to lend and we will have to set up another committee for more meetings. At a speech at our annual Community Bankers of Wisconsin meeting, the Chairman of the ICBA stated his bank does not do mortgage lending. At a time when we need the housing market to pick up, do we really want community banks to stop doing mortgage loans due to compliance issues and the difficulty in processing a mortgage loan?

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FULL SERVICE FINANCIAL INSTITUTION • LOCALLY OWNED AND MANAGED

Many community banks, like ours, have been doing balloon mortgage loans for many years. It has been a staple of our business to reduce interest rate risk while being able to service our local community customers. Our community bank has been rated a 5-star bank by Bauer Financial for over 70 straight quarters. Now we are talking about the elimination of our mortgage loans (our bread & butter) due to regulatory restrictions. Basel III will further limit our ability to do these loans. This doesn't make any sense in our current economic climate. If community banks don't do mortgage loans anymore, who is going to serve our local communities?

Thus, on behalf of The First National Bank of Park Falls, we urge the banking regulators to exempt community banks from Basel III and allow us to continue to operate under the Basel I capital framework. This allows us to more accurately align with the type of assets we hold and the relationship based banking model we follow:

Respectfully submitted,

The First National Bank of Park Falls

Name:

Position:

<u>Jim Rea</u>	<u>Director</u>
<u>David H. Carder</u>	<u>Director</u>
<u>Mary E. Guethers</u>	<u>Director</u>
<u>Bradley A. Timmer</u>	<u>Director</u>
<u>R. Donald Smith</u>	<u>Director</u>
<u>Donna J. [unclear]</u>	<u>PRESIDENT</u>
<u>Kristen Weising</u>	<u>Asst. Vice President</u>
<u>Kathy Schmidt</u>	<u>Vice President</u>
<u>Deane Miller</u>	<u>VP / Cashier</u>
<u>[unclear]</u>	<u>[unclear]</u>

The First National Bank of Park Falls

Name:

Carol Macius

Eric Neumann

Jan Fischer

Patricia Pritzl

Joel Linn

Judy Seifert

Gloria Kaiser

Vickie Stencil

Missi Shtala

Tracy Zimmerman

Rebecca Furbek

Beth Orles

Kirki Laska

Cindy E. Christian

Jelma Palecek

Kayla Fryer

Amy Johnson

Jerome M. Pritzl

Position:

Registered Assistant

CFP

Loan Officer

Teller

Bookkeeping

Insurance Agent

Insurance Agent

Teller

Bookkeeping

Loan Processor

Loan Department

Bookkeeping

Customer Service Rep

Asst. V.P.

Asst. VP

Teller

Teller

V.P.

The First National Bank of Park Falls

Name:

Position:

Laurie Hart

teller

Betty Reas

teller

Kelly Bligeau

teller

Mark Bergman

Branch mgr

Sara Schuetz

Teller

Steve Reas

teller

Val Mustard

Teller

Maureen Roberts

teller -
