From: Five Points Bank of Hasting, George Howard

Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules

Subject: Regs H & Y Regulatory Capital Proposals

Comments:

1) Regarding: 200% weighting of some loan categories

All loans in a category are not the same, due to the different strengths of the borrower related to downpayment, liquidity or the type of project. If certain loans can't be weighted at 100%, maybe the capital requirement should be greater than 11%.

2) Regarding: The 9% + 2% capital considerations should be eliminated, due to the extra step or considerations, just ask for a floor of 11% capital.

3) Regarding the 11% capital ratio, I would hope eventually all Credit Unions, Farm Credit Banks, payday lenders and investment banks will have the same capital requirements.

4) Regarding the entire idea of Basel III, that of protecting against bank failures and/or multiple bank failures:

It is very hard to protect from failure, a single bank which isn't very well diversified in its customer base, if their largest concentration of customers involved in the same industry sees the industry go through very hard financial times. Bank failures will occur, but the 11% capital ratio will serve as a good buffer to severe problems. It is also hard for banking regulators to protect banks from failure by doing as little on-site field work at banks as they are now doing. Regulators want banks to "know their customers" when it comes to Anti-Money Laundering Policies or other bank risk assessments, but regulators aren't exercising the same practice. It would pay for examiners to "know their customers"-----the banks they regulate and know why the numbers portray a certain situation or how bank management manages risk, assesses risk and will adjust to risk in the future.

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