AimBank
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Federal Reserve
Washington, D.C.

Re: Basel III OCC Docket ID OCC-2012-0008, 0009 and 0010

Sent via email: regs.comments@federalreserve.gov

Background: The proposal assigns increased risk weights for residential mortgages based on whether they are "traditional mortgages" in Category 1 or "riskier" in Category 2.

Risk-weighting for home mortgages

LTV	**Category 1** – 1st lien mortgage; not seriously delinquent; original term 30 years or less; no negative amortization, deferred, or balloon payments; full underwriting	**Category 2** – The mortgage fails to qualify for Category 1
< or = to 60 %	35%	100%
60% to 80%	50%	100%
80% to 90%	75%	150%
>90%	100%	200%

Banks will be required to re-assess a mortgage after a restructuring or modification, but not for HAMP loans. The proposal does not recognize private mortgage insurance. There is no grandfather. Banks will have to re-examine all loans on the books to see if they come under the appropriate category and LTV for each mortgage.

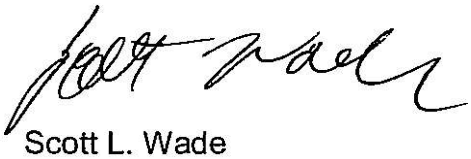
Our bank has $325 million in assets with approximately $70 million in mortgage assets. Our 100 employees provide mortgages in several rural communities.

The most likely result of this proposal is that it will cause us to raise capital. Our earnings will also be impaired. Our regulatory burden will increase. **Most importantly, it will limit the availability of mortgages in the communities where we offer loans.**

It also appears that the proposal will play into the hands of the large, multistate lenders to the detriment of community banks.

Rural borrowers in Texas, due to recent federal laws, are already confronting a market in which banks are making fewer mortgage loans. This proposal will only make it worse.

Sincerely,



Scott L. Wade

cc: Representative Randy Neugebauer
Sen. John Cornyn
Sen. Kay Bailey Hutchison