

GAETA & EVESON, P.A.

Attorneys at Law

8305 Falls of Neuse Road, Suite 203
Raleigh, North Carolina 27615
(919) 845-2558 Telephone
(919) 518-2146 Facsimile

www.banklawnc.com

May 4, 2007

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th St. & Constitution Ave., N.W.
Washington, D.C. 20551
Docket No. R-1279
regs.comments@federalreserve.gov

Robert Feldman
Executive Secretary
Attn: Comments
FDIC
550 17th St., N.W.
Washington, D.C. 20429
RIN 3064-AD17
comments@fdic.gov

Re: FRB Docket No. R-1279; FDIC RIN 3064-AD17

Ladies and Gentlemen:

On behalf of our member and non-member banking clients located in North Carolina, 21 of which currently have less than \$500 million in total assets, we write to express our strong support for the proposed rule extending the 18-month examination cycle from those banks that are well managed and have no more than \$250 million in assets to those banks that are well managed and have no more than \$500 million in assets.

We have the great pleasure of representing a wide range of small to mid-size financial institutions, from *de novo* banks to mature commercial banks and their bank holding companies. Though our clients' sizes and situations vary, there is one constant that applies across the board: a financial institution's people and, in particular, its management are the key to its success. While undoubtedly necessary, federal and state examinations divert this key resource away from a financial institution's top priority, its customers.

We regularly advise our *de novo* clients that they are entering into "partnership" with the federal and state government; despite this warning, many are still overwhelmed by the regulatory burden imposed upon them once they open for business. Periodic examinations are part of doing business in this industry, but for smaller institutions where smaller staffs mean key executives must fill multiple roles and where the only competitive advantage they have against larger establishments is their people and emphasis on customer service, any regulatory relief at all is welcome.

Our clients would welcome more regulatory relief, but we feel the proposed rule is a step in the right direction and, again, we enthusiastically support its adoption.

Very truly yours,

GAETA & EVESON, P.A.

/s/ Anthony Gaeta, Jr.

/s/ Todd H. Eveson

/s/ Phillip B. Kennedy