From: WE Lowe [mailto:WELowe@texasbrandbank.com]
Sent: Tuesday, August 28, 2012 5:55 PM
To: Comments
Subject: BASEL III FDIC RIN 3064-AD95 & RIN 3064-D97

Gentlemen,

Texas Brand Bank wishes to comment and express our concerns with the recent BASEL III proposals, especially as they apply to community banks.

While we are opposed to the entire proposed regulations, and believe that none of them should be enacted, we are especially concerned with the disproportionate burden that the following individual regulations will place on community banks:

I. AFS securities – Daily or monthly flow through of gains and losses on AFS securities will not strengthen the US regulatory system, and will in fact accomplish nothing except for small banks like ours to spend ever increasing amounts of time by employees and expenditures of funds for software programs to monitor what will amount to relatively minor variations. Our $100MM bank has about $8MM in AF securities, and fluctuations in this portfolio will not harm the US financial system. What will harm the system is that all the time and all the funds spent monitoring these fluctuations are time and money that will not be spent making loans and improving the US economy.
II. Risk weights for mortgages- As in the previous comment, the time and money spent calculating the exact amount of capital to be held against consumer mortgages with 8 different risk weightings is time and money that will not be spent on lending funds to small businesses and stimulating the economy. The adjustments to capital will likely be negligible for all of the nation's 7,000 community banks, but the amount invested in making these calculations will not.
III. High Volatility ADC loans – Small banks such as ours are a major source of financing for small commercial projects. Adoption of this regulation and its 150% risk capital weighting will stifle the ability and desire of small banks to continue this type of lending. As banks cease making these loans due to the regulatory burden, the construction industry will suffer and lose even more jobs. Small banks were not responsible for the collapse of the nation's economy, and do not wish to pay for errors by large banks.
IV. Regulatory burden – Our small bank has $100,000,000 in assets and provides $70,000,000 in loans to our local community. We have 20 employees, and 1 of those employees already spends 100% of her time assuring that the bank complies with all of the myriad federal and state regulations. None of the additional requirements imposed by BASEL III will create one more loan or one more job. Each additional dollar spent for compliance costs is one less dollar available to make loans and create jobs.

Small commercial banks were not the cause of the Great Recession. Imposing further regulations and costs on small bank to make them pay for the sins of mega banks in the US and Europe is grossly unfair, and will not improve the economy in this country. In fact, every day small banks are choosing to sell out rather than face increasing costs. Every time a small bank is consolidated into a large bank, the ability of our country to grow and prosper is diminished.

We request that this proposal be rejected in its entirety, or if it is adopted, that small banks be exempted.

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