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United States Senate

WASHINGTON, DC 20510
November 19, 2012

COMMITTEES:
COMMERCE, SCIENCE, AND TRANSPORTATION
ENVIRONMENT AND PUBLIC WORKS
FOREIGN RELATIONS
INDIAN AFFAIRS
RULES AND ADMINISTRATION

The Honorable Ben Bernanke
Chairman
The Federal Reserve System
20th Street and Constitution Ave, N.W.
Washington, D.C. 20429

The Honorable Tom Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, S.W.
Washington, D.C. 20219

The Honorable Marty Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Chairman Bernanke, Comptroller Curry, and Acting Chairman Gruenberg:

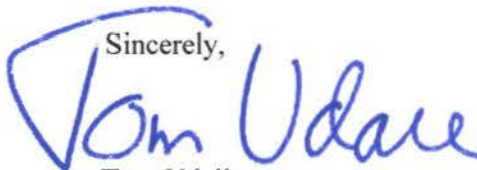
The need for a strong and safe banking sector is evident in our nation's ongoing struggle to rebuild. Your role in ensuring that our banking sector is strong is a safeguard for the millions of American families who have lost their homes and retirement savings. As you work toward this goal however, I hope that you will implement smart regulations that recognize the variety of bank sizes and scope. I am especially concerned that new Basel III rules may overly burden New Mexico's community banks with requirements that do not take into account their limited resources.

Community banks play a critical role in our economy. As members of the communities they serve, their knowledge of the local economy offers a unique insight to the risks of providing business capital and mortgages. The nature of their local services makes these institutions fundamentally different from larger institutions where more stringent capital requirements are important to manage complicated and systemic risk. Of particular concern is impact that changes to capital measurement methodology may have on lending at a time when capital access remains low. Additionally, I hope that you will consider the disproportionate burden increased reporting places on smaller institutions with limited staff and resources.

With just over 50 institutions, New Mexico's community banks are small, averaging only 65 employees, but very important to our state's economic development. The most recent data available shows that collectively New Mexico's community banks helped support businesses with over \$885 million dollars in commercial loans, almost \$155 million dollars in 1 to 4 family residential loans held by local banks and more than \$205 million dollars in agricultural loans. As you can see, New Mexico's community banks provide services that local consumers and businesses depend on. These loans are especially important as access to capital continues to be the chief concern small businesses raise in my travels throughout the state.

New Mexico's economy is slowly rebuilding and what makes sense for certain banks in other parts of the country can have a chilling effect on New Mexico's economy. As you move forward with this, and other, regulation I respectfully request that you consider the significant differences between community banks and other financial institutions and craft regulation accordingly.

Sincerely,



Tom Udall
United States Senator

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