



September 27, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551  
**Delivered via email [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)**

Robert E. Feldman  
Executive Secretary  
Attn: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, DC 20429  
**Delivered via email [comments@FDIC.gov](mailto:comments@FDIC.gov)**

Office of the Comptroller of the Currency  
250 E. Street, S.W.  
Mail Stop 2-3  
Washington, DC 20219  
**Delivered via email [regs.comments@occtreas.gov](mailto:regs.comments@occtreas.gov)**

**Re: Basel III Capital Proposals**

Ladies and Gentlemen:

We appreciate the opportunity to offer comment on the Basel III Proposals that have been approved by the Federal Reserve Board, the Office of the Comptroller of Currency, and the Federal Deposit Insurance Corporation.

Our company, United American Bank, is a community focused bank headquartered in San Mateo, California, serving the San Mateo and Santa Clara counties in the Bay Area. Our bank is a company with \$265 million in assets. As a relatively new bank we have been serving the communities of San Mateo, Half Moon Bay, Redwood City and Sunnyvale for the past ten years.

Certainly, we understand and appreciate the need for appropriate review of the global banking capital standards. Clearly the events of the recent and current global economic concerns warrant such analysis. However, certain proposals developed through the Basel III will without of doubt negatively affect small community banking companies such as United American Bank.



First, we are concerned about the phase out of Trust Preferred Securities as a capital source. Private companies, as you know, have limited capital resources. Alternatives such as Trust Preferred Securities are essential and to eliminate one of such few options for a community bank is not reasonable. Various other standards in Basel III will also be difficult such as the effect of a higher risk rating for home equity lending and increasing risk ratings to delinquent loans will be very challenging for the small community bank.

We appreciate and recognize the diligent work of Basel III but we have real concerns as to how we believe this will impact our community banks' ability to serve our communities and our local economies. We respectfully urge your reconsideration of these critical issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'JCS', with a stylized flourish at the end.

John C. Schrup  
President & Chief Executive Officer  
United American Bank