From: Raymond C. Welborn <rwelb@firstamb.com>
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To: Comments
Subject: Basel III FDIC RIN 3064-AD96 and RIN 3064-D97

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REF: FDIC RIN 3064-AD95 Basel III NPR, Basel III FDIC RIN 3064-AD96 and RIN 3064-D97

This is in response to request for comment on the Basel III Standardized Approach. This approach will have many negative affects on community banks, commercial banks, real estate markets, capital markets, institutional investments, commercial and consumer borrowers. The impact from a national level would touch many areas and have long term negative effects. There are also many other areas of legislation that we are unsure of the unintended consequences and cross regulation conflicts such as IRS and taxation that could not even be fully investigated due to the short comment period.

I believe that Basel III should not be required for small organization under $10 billion or if an entity that is not involved in international markets. This proposal seems to be another over reaction to the economic crisis and is again the example of regulators trying to impose a one size fits all regulation for their own political purposes with no regard for the consequences.

Being from a community bank system with bank branches in many rural communities in New Mexico, I believe that this regulation would have many implications on the bank capital and in turn it's availability to serve the needs of our customers. It could also affect our ability to raise capital as a Sub S Corporation in the future. Possible dividend restrictions could have a negative impact on shareholders in many institutions in many small communities.

The risk ratings could have a negative impact on institutions capital in the later periods with economic changes and phase in adjustments. In our models with 300 and 400 basis point changes there is a negative impact on the investment portfolio and capital. There would also be a negative impact at the Holding Company level with relation to trust preferred treatment under the regulation. In the risk weighting of loans there seems to be conflicts in the risk associated with loans and sound lending practices.

The regulation would also have a significant burden to financial institutions of all sizes with the short implementation time frames. Implementing software and hardware changes to comply with the regulation would have a huge burden on small and mid sized banks. The time and financial burden to comply will add to an already over whelming and too complicated compliance burden that institutions must deal with today. The complexity of the regulation will especially be difficult for small to mid sized banks due to lack of personnel with the expertise to deal with such a regulation. I also believe that we are adding a regulation that is so complex that the average banker and regulator will not understand which in the long run could create even more issues related to safety and soundness of an institution as we have seen in the past. The cost of data collection, system upgrades, programing and software changes will be significant and a huge financial burden to smaller institutions. The data collection, encoding, review and interpretation will be overwhelming and a huge financial burden to community banks.

Now from a consumer stand point, I can see an additional burden to consumers in those financial institutions that will be required to collect significantly more data and prolong and hinder the lending process. It could affect the types of loans made to consumers and limit the types of loans made due to capital limitations and thus make credit unavailable from specific institutions in a geographic area. It could also cause banks to limit types of loans or completely discontinue loan types due to compliance with the regulation.

I believe that this proposed regulations enactment is poorly timed and will have negative impact and unforeseen consequences and should not be enacted or consider enactment for only very large sophisticated International – Wall Street institutions.

Sincerely,

Raymond Welborn