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FDIC
Washington, D.C.

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

Sent via email: comments@FDIC.gov

Background: Regulatory Burden: The Basel III proposal will require all banks to collect new and often granular information in order to calculate risk weight assets. New information will have to be obtained, maintained and reported in order to satisfy underwriting features as well as LTV features to satisfy due diligence requirements. Existing loans are not grandfathered. Information will have to be reported in different ways and with greater frequency. Monitoring capital with the new AFS requirements will also be time consuming.

Our bank has $325 million in assets and 100 employees. We are already laboring in an environment involving increased regulatory scrutiny in compliance exams and the new burdens being placed on us by the Dodd-Frank Act. **Our compliance costs alone have increased 500% in the last 10 years.**

It appears that as proposed, Basel III will require us to change our internal reporting systems and provide additional employee training. More than likely we will have to hire additional employees. The complexity of the data requests probably means that we will also have to install new software systems and/or look for third parties to provide them. **None of these requirements will allow us to help our customers in our community. The compliance costs will pull money out of capital and earnings rather than help our borrowers.**

The increasing cost of compliance for community banks is leading to more consolidation in our industry. Basel III, as proposed, will only accelerate this trend.

Federal regulators may not be troubled by a country that has only a handful of banks. From our perspective, community banks still serve a vital function in our economy. It would be a shame if these new international capital requirements help lead to their demise.

Sincerely,

Scott L. Wade

cc: Representative Randy Neugebauer
Sen. John Cornyn
Sen. Kay Bailey Hutchison