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August 10, 2012

Mr. Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS RIN 3064-AD95  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Dear FDIC,

I know these are tough regulatory times, but from the perspective of a Community Banker, it seems again that an overreaction to problems of the large banks and the international capital markets is causing, what I believe will be, unintended consequences to Community Banks and probably, more importantly, to the Communities they service.

The regulations proposed under Basil III are such that most Community Banks will be required to hire additional personnel, not in productive areas, but rather in compliance areas. Unfortunately the areas of compliance that they will be involved in have little to do with what really affects Community Banking. I fear that many Community Banks, because of the onerous regulations, will opt to not offer residential mortgages and will further limit loan products being offered so as to avoid the complicated provisions of the proposed legislation and the draconian penalties for non-compliance.

While I can understand the desire to have larger capital structures, Community Banks do not have ready access to Capital markets and, given today's regulatory pressures, do not represent attractive investment opportunities. It almost seems like Basil III would like us to go forward enhancing capital structures while the rest of the world looks at us and says "What, are you guys crazy? You're not an attractive investment at this time given the regulatory hurdles and increasing non-productive regulatory requirements."

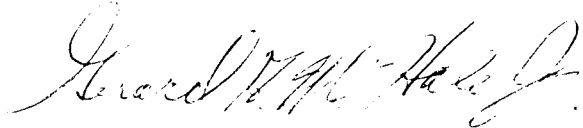
If anything, one would think the regulators, if they truly like to attract real capital to the banking segment and enhance credit availability, would aid in making that segment more, rather than less, attractive.

I'm afraid that somehow, someone somewhere tried a "one size fits all" approach and lumped all institutions into one category. Believe me, we don't do derivatives, we don't hedge foreign currencies, we don't do any fancy pooled debt security lending. What we do is provide financing to people who are part of our Community with the intent of being profitable and aiding the growth of our respective communities allowing local business to deal with local lenders.

Although from my perspective Basil I was bad enough and unnecessary, please allow us to continue under that without having to adopt standards that would be ruinous to the entire Community Banking industry and the constituents we serve.

Best regards,

**FIRST COMMUNITY BANK OF SOUTHWEST FLORIDA**

A handwritten signature in cursive script, reading "Gerard A. McHale, Jr.", written in black ink.

Gerard A. McHale, Jr., Chairman of the Board