Manasquan Savings Bank
Since 1874

09/26/12

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 178th St. N.W.
Washington, DC 20429
Re: Basel III Proposals; FDIC RIN 2012-0008

Dear Mr. Feldman:

This correspondence has been drafted to convey meaningful commentary, input and concern regarding the U.S. implementation of the Basel III framework which includes required provisions of the Dodd-Frank Act.

I am privileged to hold the position of President and CEO of a legacy Mutual Savings Bank named Manasquan Savings Bank. We have enjoyed continuous operation since 1874 and presently conduct business in eight (8) branch facilities located in Monmouth and Ocean Counties in Central New Jersey. Manasquan Savings Bank has consolidated assets of approximately $840 million and can be characterized as the epitome of a community banking enterprise. We are an organization that truly provides capital, in the form of credit facilities, to homeowners and small business owners/operators in the markets that we serve. We take pride in building long term banking relationships, intimately understanding the financial needs of our customers and being an integral part of the fabric of our communities.

While, on the surface the aforementioned profile of our organization may seem irrelevant, we believe it is at the very essence of how the implementation of Basel III will result in a dramatic change in the product offerings of community banking institutions on a nationwide basis. However measured, the effect of Basel III will be increased capital requirements. As a mutual savings organization, our access to the capital markets is very limited. By definition, the higher required capital, to be offset by retained earnings, will result in the curtailment of credit facilities that are treated in a more punitive fashion under the framework. It is these same facilities that have been instrumental in assisting the Unites States economy to recover from the great recession whose effects are still felt by many we serve.

Basel III, at its very core is intended to mandate capital requirements that would help eliminate or at least avoid systemic risk such that was evidenced by the financial services meltdown that occurred in 2008. Interestingly, I am unaware of any regulatory or industry expert who would

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claim that the 2008 cataclysmic event was sourced, in any fashion, by the community banking industry. Basel III provides for no application differentiation based on institution size, complexity or risk profile. We are of the firm belief that a minimum size exemption would preserve existing operating flexibility of smaller institutions without compromising the overall intent and effect of the framework.

There are countless examples of why Basel III if applied, as drafted, equally among all financial institutions is a flawed approach to a required concept. The one size fits all approach needs to be calibrated and adjusted according to institution, size, complexity and risk.
Capital requirements are necessary, but extraneous capital mandates only serve to reduce overall lending, disadvantage the community and may provide perverse incentive for unwarranted industry consolidation.

As a community banker who cherishes the important role that we play in the vibrancy of local economies, I would respectfully request that organizations whose assets are below some determined amount (suggested threshold $10 billion) be exempted by the Basel III accord. We would ask that you utilize your influence and respected opinion on ensuring that the dangers of the full implementation of Basel III, as now constructed, are avoided.

Respectfully,

James S. Vaccaro
President and CEO
Manasquan Savings Bank