

From: Four Corners Community Bank, Roger LaHart
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules
Subject: Regs H & Y Regulatory Capital Proposals

Comments:

To Whom It May Concern:

I am writing to you to express the concerns that I have regarding the proposed "Basil III" capital regulations and the impact that such regulation will have on small community banks such as Four Corners Community Bank. To the degree that the proposed regulation calls for acquiring or retaining additional capital in our bank, lending is likely to be reduced as a consequence. The impact to San Juan County, New Mexico, may very well be less available loan funds going to small-to-medium sized firms that are in one way or another not easily banked by the larger institutions.

We are fortunate at this time to be a well-capitalized bank operating on sound management principles. Our asset base is not complex, nor particularly risky. This raises the matter of unintended consequences of Basil III, which would be to restrict lending activity among the stronger community banks who are vital to generating economic growth at the local level.

No doubt you have heard these and other concerns raised by bankers on this topic. It is not my intention to reiterate the list of concerns. I would, however, like to convey that based on the current environment, community banks are struggling with declining fee income, compressed loan margins, and increased compliance costs. We hope to avoid the increase in capital costs that are anticipated if and when Basil III is phased in for community banks.

In summary, I urge that Basil III not be applied to smaller banks, and that the proposed exclusion for smaller banks be re-established under the proposed regulation.

Respectfully,

Roger LaHart
Four Corners Community Bank