ROMA BANK
SINCE 1920

Corporate Office

October 17, 2012

Mr. Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Mr. Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Mr. Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: **BASEL III, OCC DOCKET ID 0CC-2012-0008,0009, AND 0010**

Gentlemen:

Roma Bank, a $1.8 billion thrift institution based in Robbinsville, Mercer County, New Jersey, welcomes the opportunity to join with the banking community in commenting on the captioned proposal. We have taken note that the OCC, FRB, and the FDIC have invited industry and public comment until October 22, 2012.

We are concerned that, if adopted, the new capital conservation buffers may cause a depletion of a community bank's capital position and will, over time, result in a failure to meet new regulatory requirements. Additionally, in our review of the subject proposal, there is a misguided myth that Basel III only applies to banks with assets over $500 million. This does not appear to be true, since the proposal applies to $50 million banks in rural areas. There is an exemption for consolidated bank holding companies under $500 million, but even those banks are subject to the provisions of Basel III. As we understand the proposal, there is no exemption for savings and loan holding companies of any size.

There is also a myth concerning the inclusion of accumulated other comprehensive income (AOCI). While many community banks have positive balances in their AOCI positions, those positions are subject to volatility, due to changes in interest rates and credit spreads. The current positive balances are a product of continual ultra low interest rates, which cannot be sustained forever. Rapid increases in interest rates and credit spreads can reverse the gain position and force it to become negative in short order. These changes can, and will, have an immediate adverse impact on a bank's regulatory capital.

We are concerned that imposing complex and excessive capital standards will threaten the nation's economic recovery and limit lending, investment, and credit availability in Main Street communities. We are also concerned that adoption of Basel III will force community banks to hire new compliance staff, compute complex risk weights for residential mortgages, and limit their loan offerings to meet the requirements of arbitrary risk-weighted buckets, which will result in disastrous and unintended consequences to the communities they serve.

We prefer to remain in Basel I, which more accurately aligns our regulatory capital with the type of assets we hold. <u>Accordingly, we urge the Federal banking regulators to exempt community banks from the Basel III proposal, and allow them to continue to operate under the Basel I capital framework, which has served their community-based banking models, and this nation, for well over a generation.</u>

Thank you.

Sincerely,

Michele N. Sierkerka, Esq.
Chairman